

**PLANNING COMMISSION
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL
MAYOR



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GIFFORD K. F. CHANG

February 27, 2019

The Honorable Ann H. Kobayashi
Interim Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Interim Chair Kobayashi and Councilmembers:

SUBJECT: Proposed Amendment to Chapter 21, Revised Ordinances of Honolulu 1990, as Amended (The Land Use Ordinance), Relating to Affordable Rental Housing

The Planning Commission held a public hearing on February 20, 2019, on the above subject matter. Written concerns and/or comments and public testimonies were received. The public hearing was closed on February 20, 2019.

The Commission approved two motions. First, on the City Council-initiated Resolution 18-78, CD1, the Commission voted unanimously, 7:0, to recommend approval.

Second, the Planning Commission voted unanimously, 7:0, to recommend approval of the Department of Planning and Permitting (DPP) proposed Omnibus Bill.

The Commission also approved transmittal to the City Council of the proposed amendments as set forth in the written testimony by Marshall Hung and Melvin Kaneshige (the "M&M Bill"), for favorable consideration by the City Council. While those proposed amendments would be not a formal transmittal of a recommendation from the Planning Commission, it was determined that the amendments incorporated affordable rental housing concepts that were seen in a positive light by the Planning Commission.

19 FEB 28 AM 11:00 CITY CLERK

The Honorable Ann H. Kobayashi
Interim Chair and Presiding Officer
and Members
February 27, 2019
Page 2

Attached are the reports from the Acting Director of the DPP, copy of Resolution 18-78, CD1, DPP's draft Omnibus Bill, the written testimonies of Mssrs. Hung and Kaneshige and the M&M Bill, and the other concerns and/or comments received by the Planning Commission.

Sincerely,



Arthur D. Challacombe, Chair
Planning Commission

Enclosures

ACKNOWLEDGED:



Kirk Caldwell
Mayor

ACKNOWLEDGED:



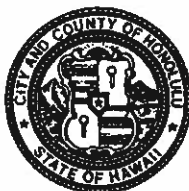
Kathy K. Sokugawa, Acting Director
Department of Planning and Permitting



Roy K. Amemiya, Jr.
Managing Director

Authorization <i>Kathy K. Sokugawa, Acting Director</i>	DEPARTMENT OF PLANNING AND PERMITTING
Advertisement <i>Feb. 8, 2019</i>	CITY AND COUNTY OF HONOLULU
Public Hearing <i>Feb. 20, 2019</i>	850 SOUTH KING STREET, 7 TH FLOOR • HONOLULU, HAWAII 96813 PHONE: (808) 768-8000 • FAX: (808) 768-6041 WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

KIRK CALDWELL
MAYOR



KATHY K. SOKUGAWA
ACTING DIRECTOR

TIMOTHY F. T. HIU
DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

February 4, 2019

MEMORANDUM

TO: Arthur D. Challacombe, Chair
and Planning Commission Members

FROM: Kathy K. Sokugawa, Acting Director
Department of Planning and Permitting

Kathy Sokugawa

SUBJECT: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, Revised Ordinances of Honolulu 1990, as Amended (The Land Use Ordinance), Relating to Affordable Rental Housing

We are hereby submitting the Department of Planning and Permitting's (DPP) report and recommendation for increasing the supply of affordable rental housing in the apartment, apartment mixed use, and business mixed use districts through the provision of several incentives and exemptions. This approach could reduce the use of residentially-zoned properties for the development of "large detached dwellings".

Although the DPP agrees with the overall intent of the Council-initiated Resolution No. 18-78, CD1, we offer an alternate bill that adds amendments to the building code, as requested under "sister" Resolution 18-77 (attached), as well as incentives which are not included under Resolution 18-78, CD1. As this becomes a new program addressing several different sections of the Revised Ordinances of Honolulu (ROH), and it is the desire of certain stakeholders to place the program under its own section, our proposal is to create a new chapter in the ROH.

This "omnibus" approach was reflected in our short-term rental bill. Similarly, the Planning Commission is expected to take action only on Sections 1 and 2 and Section 3, Articles 1 and 2 of our proposed bill. Certainly, the Commission may choose to offer comments on the rest of the bill.

We would be happy to answer any questions that you may have concerning this matter during the Public Hearing.

Attachments

2019 FEB -5 AM 9:08
CITY & COUNTY OF HONOLULU

**RESOLUTION 18-78, CD1
COUNCIL-INITIATED LUO AMENDMENT
RELATING TO RENTAL HOUSING IN LOW-RISE MULTI-FAMILY DWELLINGS**

Staff Report

February 4, 2019

I. Background

On April 25, 2018, the City Council adopted two related resolutions intended to incentivize affordable rental housing in apartment-zoned areas:

- Resolution No. 18-78, CD1, initiated specific amendments to the Land Use Ordinance (LUO) “relating to development in the apartment, apartment mixed use, and business mixed use districts to increase the supply of affordable rental housing in low-rise multi-family dwellings, and reduce the proliferation of monster homes.”
- Resolution No. 18-77 requested changes to the Building code “to help incentivize the construction of affordable housing in apartment zones, increase affordable housing, and reduce the proliferation of monster homes, by creating new standards for special mid-rise residential construction that would allow for development of smaller parcels in high density districts.”

Prior to the adoption of the Resolutions, the department and other city officials met with proponents of the initiatives. These were people who had experience in developing multi-family buildings. Following adoption of the Resolutions, discussions continued, and produced ideas for new incentives that will be discussed below. Proponents also recommended that for ease of use, a new chapter in the Revised Ordinances of Honolulu (ROH) be created to capture all features of this new program in one place.

Zoning Proposal. Resolution No. 18-78, CD1, proposes that for lots of 20,000 square feet or less in qualifying zoning districts, relaxed development standards would apply in return for all units to be affordable rentals at the 100% of AMI (area median income) as set by the U.S. Department of Housing and Urban Development (HUD), and below. It proposes five amendments to the LUO:

1. Adds a new use: “Dwellings, affordable rental low-rise multi-family” to the apartment, apartment mixed use and business mixed use (BMX) districts.
2. Adds a new section to Article 5 Specific Use Development Standards. This new section defines the purpose of “affordable rental low-rise multi-family dwellings,” and establishes development standards.

- a. Some existing standards are proposed to be reduced:
 - i. Lot width (70 feet to 50 feet in apartment districts)
 - ii. Side and rear yards (10 feet to 5 feet), and parking is permitted in these yards if the front yard is landscaped
 - b. Some existing standards are proposed to be dropped:
 - i. Height setback
 - ii. Required parking and bicycle spaces
 - iii. Required loading spaces
 - c. Some existing standards are proposed to be increased:
 - i. Maximum building area (from 40 to 60 percent of lot area to 80 percent in the apartment districts)
 - ii. Floor area ratio (FAR) to 4.0 (from range of 0.9 to 2.8 in apartment districts, 3.5 in BMX districts)
 - d. New standards are proposed:
 - i. A limit on the number of dwelling units allowed on any zoning lot, as determined by a formula: Maximum FAR square footage/800.
 - ii. A limit on floor area of each dwelling unit based on the number of bedrooms and bathrooms
3. Includes site plan and elevation sketches to show examples of what might be permitted for various lot sizes.
4. It adds definitions of "affordable rental dwelling unit," "Affordable rental low-rise multifamily dwelling," and "bathroom."

The program would sunset five years after its effective date. Two years prior to the sunset date, the department is to report to the city council on progress and achievements and recommend whether the program should be repealed, modified or extended.

While the above are stated in Resolution No. 18-78, CD1, discussion on standards and applicability expanded once it was adopted, as noted below.

II. Analysis

Eligibility. Resolution No. 18-78, CD1, notes that approximately 95 percent of Oahu's low-rise apartment buildings were built more than 40 years ago, and need to be renovated or reconstructed. As of 2018, there were 6,175 lots of less than 20,000 square feet zoned for apartment use. If small lots (less than 5,000 square feet) are dropped, about 3,204 lots would be eligible for this program.

To determine how many properties might be used for this program, the Building/Land Value Ratio was used. This ratio assumes that the lower the value of improvements on

a property, the higher the chances that it will be redeveloped. There are about 1,382 lots with a ratio of 30 percent or less; i.e., the value of the improvements on the lot is 30 percent or less of the land value. There are about 536 lots with a ratio of 10 percent or less. Assuming four floors on each lot, with average of 800 gross square feet per unit, the number of possible units ranges from 9,800 (at 10% ratio) to 21,000 units (at 30%).

Given that sewer capacity is often a factor in determining whether development is possible, the department did a rough survey of sewer capacity in apartment areas. While quantitative data is not available, it appears that shortages seem to be localized, and there are no significant broad areas where sewer capacity is limited.

Considerations. Although not stated in either Resolution, the underlying strategy has been described by their proponents as follows: To make these projects financially viable, construction costs must be limited to \$250 per square foot, with minimal delays in permit issuance. By limiting costs to this maximum, 10 to 20 projects could be developed annually, or about 500 units per year. This would be a significant contribution to addressing the affordable housing crisis. Moreover, it is not being requested as a permanent program, but would be limited to a five-year period.

Proponents of the bill requested additional incentives after the adoption of the Resolutions:

- While deliberations on this initiative were underway, Ordinance No. 18-1, providing fee exemptions for affordable housing projects, was adopted. It was requested that this affordable rental program receive the same incentives: real property tax reduction, and exemption from park dedication requirements, building permit fees and wastewater fees. In addition, it was requested that a provision be made for GET exemption.
- A percentage of the apartment units in a project should be explicitly allowed as Condominium Property Regime (CPR) units.
- The building permit process should take no longer than 90 days; if not met by the department, the project would be automatically deemed approved.
- Emergency stairwells and loading space should be allowed to encroach into the front yard.
- There should be no extensive annual reporting requirement on the landowner or property manager.
- Building Code exemptions include no requirement for elevators, deferring to the requirements of the Fair Housing Act for elevator requirements, and only one emergency stairwell should be required, not two, for buildings with less than 35 units and less than three stories high. In addition, the fire sprinkler system should not be required to be connected to the building's alarm system.

- Concessions on building standards addressing building area and fire protection were also requested, as well as an exemption from the energy standards for exterior glass.

The department has these concerns:

- Whether to allow the program in Transit-Oriented Development (TOD) Zones. While the department advocates for as much affordable housing in the rail corridor as the market can produce, mid-rise projects do not take advantage of the maximum densities and height limits allowed, especially for the Downtown-Ala Moana area. We may be foregoing more intense development in the foreseeable future; there are opportunity costs from the affordable housing and rail ridership perspectives.
- We are not convinced that the LUO should regulate “plumbing.” While this conversation was underway, the department had already testified on the Large Detached Dwelling proposals that regulating bathrooms, as well as bedrooms, was over-regulating and would lengthen the building permit review process. It is inconsistent to add these new standards and still want expedited permit processing, as reflected in recent resolutions and ordinances adopted by city council.
- As this is a temporary program, what would be the status of the buildings once the program is over? What hardships would be created as they become nonconforming?
- As a new program, units may not actually be delivered for about two years, given the need to plan, design, finance and construct the buildings. Industry representatives believe construction can start earlier.
- Name. The proposed name of the program posed potential confusion, as “affordable rental low-rise multi-family dwellings” was not only needlessly long, but used “multi-family dwellings,” which already had its own definition.
- Unanticipated Impacts. While proposed revisions will allow a particular building and occupancy type to occur, it does not ensure that the end result will always be the same. For example, there is no provision that prohibits recreational amenities. Thus, a project with a swimming pool and gym could be provided, reflected in the rent, but the project is not obligated to disclose rents, so a tenant may end up paying more than 30 percent of their income to housing.

We could not evaluate the narrower side and rear yards with respect to impacts to adequate access to natural light and air, as well as privacy and noise levels between buildings. Currently minimum spacing between apartment buildings is 20 feet (10 feet on each property). The proposal is half this amount.

- **Spillover Impacts.** The lack of sufficient parking may exacerbate competition for on-street parking. The department would have liked to include the restriction that if no parking is provided, the tenants may not own cars. This restriction has worked well on “201H” affordable housing projects.

Similarly, the lack of bicycle parking, coupled with no elevator to conveniently transport them to apartments, may encourage residents to depend on cars, adding to on-street parking competition.

On another level, this is the first time across-the-board changes to building code provisions are being recommended. These provisions have never been given for “201H” affordable projects. This may be viewed as “breaking the floor,” and lead to more negotiated standards on future projects. It raises the question as to what are minimum life safety requirements.

- **Lack of evidence of compliance.** With all other affordable housing projects, either the city or the state annually reviews documents to assure that the units are going to tenants in the identified need group, and that rents are commensurate with that need group’s income range. Generally, this is documented in an affordable housing agreement. Other than the restrictive covenant at the outset of the project, there will be no regular monitoring of affordability under this program.
- In working with the Honolulu Fire Department (HFD), the notion of what is the minimum required for the health and safety of the residents, as well as that of fire fighters called to the property in the event of a fire, was discussed. “Automatic” exemptions are of concern to both Department of Planning and Permitting (DPP) and HFD.
- The Department of Community Services (DCS) raised concerns whether 6-story apartment buildings without elevators are “age-friendly.”
- **Streetscape impacts.** With depth of front yards halved from the current 10 feet to 5 feet, plus the intrusion of emergency stairwells and loading spaces as close as 5 feet from the front property line, with perhaps no provisions for solid waste bins, on a relatively small lot, front yard landscaping is diminished and makes no major “green” contribution to stormwater management or microclimate conditions.
- **Loss of new community benefits.** Assuming 500 units are built over 3 years, the city may not realize:
 - More than 5 acres of recreation space (at 150 square feet per unit)
 - \$236,000 per year in real property tax collections
 - \$1,150,00 in building permit fees (at \$2,300 per 800-square-foot unit)

Compliance with the General Plan. This initiative is consistent with the following General Plan Objectives and Policies:

Housing, Objective A:

Policy1: Develop programs and controls which will provide decent homes at the least possible cost.

Policy 7: Provide financial and other incentives to encourage the private sector to build homes for low- and moderate-income residents.

Compliance or Consistency with other Government Policies. This program would support the "Housing Oahu: Affordable Housing Strategy" (2015 Draft) that included an implementing action to develop about 800 affordable housing units annually. The developers' assertion that this program would produce 500 units annually would contribute significantly to this goal.

The several TOD Plans, adopted, and those pending adoption, disclose the need for diversity of housing, including retaining and producing new affordable units.

III. Recommendation

The DPP supports the intent of the Council-initiated Bills, which is to "kick start" affordable housing production in apartment and business districts and to do it sooner, rather than later. We have worked hard with proponents to find common ground, as reflected in the attached bill. We still have reservations, as do the proponents. We do agree on developing a package of incentives for a limited time, to accelerate much needed affordable housing, with the possibility to extend the Program if successful.

This initiative complements the recently adopted islandwide inclusionary housing program, Ordinance No. 18-10. It encourages rental market attention to the apartment and business mixed use districts, with "give backs" on development standards and similar incentives provided to for-sale units provided under Ordinance No. 18-10. It can also divert attention away from constructing "large detached dwellings" in residential districts. With the requirement that all leases must be for at least six months, the buildings should not be adding to short term rental use.

The attached bill offers the following:

- A new chapter in the ROH to place the entire program in one place, as desired by program proponents. This new chapter broadly has four parts:
 - General Provisions
 - Zoning Provisions
 - Adjustments to the Building Code
 - Incentives, similar to those adopted under Ordinance No. 18-1, and including property tax exemptions and expedited processing

Generally, these provisions represent an "overlay" on existing regulations.

The program would be renamed "affordable rental housing." Highlights of the proposed department bill, contrasted with early proposals, are provided below. The first table relates to amendments to the LUO. The second table summarizes incentives outside of zoning. The "Expanded Proposal" column refers to ideas presented by industry representatives after the two Resolutions were adopted. The last table relates to proposed Building Code changes.

LUO changes:

Provision	Resolution No. 18-78	Expanded Proposal	DPP Recommendation
Name or program	"Affordable rental dwelling unit" "Affordable rental low-rise multi-family dwelling"	No change	"Affordable Rental Housing" "Affordable Rental Housing Unit"
Format	----	All provisions must be in one ordinance, one place in the ROH	Bill developed as one set of regulations, although it is an overlay on several existing ROH provisions
Add as a new use to LUO Article 3 Master Use Table	Included	Included	Not needed
Include sample sketches of maximum building area, building heights	Included	Included	Included with cautionary footnote regarding limitations of sketches
Development standards:			
Maximum Lot Size	20,000 square feet or less	No change	Ok
Minimum Lot Width	50 feet	No change	Ok
Minimum Side/Rear Yards	5 feet	No change	Ok
Front yard	10 feet	10 feet with 5-foot encroachments by stairwells and loading space	Ok
Maximum Building Area	80% of lot	No change	Ok
Maximum Building Height	60 feet	No change	Ok; some lots have higher limit, others have lower limit
Maximum FAR	4.0	No change	Ok
Height setbacks	None	No change	Ok
Required parking spaces	None, but if provided, may encroach into side and rear yards if front yard is 100% landscaped	No change	Ok, but must include 4- to 6-foot buffer wall along common property line. Front yard landscaping caveat dropped as 100% is de facto unattainable
Required bicycle parking	Not addressed	Should not be required	Ok, with reservations as bicycle parking encourages less dependence on cars
Required loading	None	No change	One for garbage bin storage and pick-up

Provision	Resolution No. 18-78	Expanded Proposal	DPP Recommendation
Unit Density	Formula to determine maximum number of units, using 800 square feet as size/unit	No change	Dropped. Not necessary with existing limitations; and will extend permit reviews
Size of Units	Table to link number of bedrooms/bathrooms with Floor Area	No change	Dropped. Over regulating; will extend permit reviews
Relationship to existing regulations	If there is conflict, these provisions will override existing regulations	No change	Ok
Special District regulations	Not addressed	Exempt	Not exempted
Condominium Property Regime	Not addressed	Allow up to 20% of units to be CPR'd, and not required to meet affordability requirement	Prohibits CPR. Too difficult to enforce, inconsistent with intent of bill.
TOD Special Districts	Not addressed	Support allowing in TOD districts	Prohibited, as constitutes less development than may ultimately want as TOD
Mixed Use in BMX districts	Not addressed	Oppose mixing	Ok, with reservations
Restrictive Covenant	Not addressed	Somewhat support	Included definition, and major elements; e.g., affordability runs with the buildings
Enforcement	Not addressed		Each section of bill addresses enforcement; e.g., if restrictive covenant provisions are violated, will be considered a zoning violation

Other Incentives:

Provision	Resolution No. 18-78	Expanded Proposal	DPP Recommendation
Identical to Ordinance No. 18-1:			
Waiver of Wastewater System Facility	Not addressed	Support	Ok, consistent with intent of Ord 18-1 and this Bill
Waiver of Plan Review and Building Permit Fees	Not addressed	Support	Ok, consistent with intent of Ord 18-1 and this Bill
Waiver of Park Dedication	Not addressed	Support	Ok, consistent with intent of Ord 18-1 and this Bill
Additional Incentives			
Real Property Tax	Not addressed	Provide tax relief during construction & marketing phases Provide 10-year tax exemption	Ok
Expedited Processing	Not addressed	90-day turnaround; otherwise approved	Ok with reservations

Changes to Building Code: Proponents of affordable rental housing only requested modifications related to sprinklers and fire escape stairs.

Provision	Proposal	DPP Recommendation
Fire-resistance standards	New provisions on fire-rated materials	Ok
Sprinklers	Do not require sprinklers to be connected to fire alarm system	Ok, if automatic fire sprinklers are located in all unit and common areas and manual pull stations are used to provide general alarm to building
Fire escape stairs	Require only one; allow drop ladder system instead of second stairs. Allow access to rooftop to substitute for ground level access. If two must be provided, then reduce the width of the second one.	Two stairwells must be provided with the first one 48 inches in width. The second one shall be at least 36 inches in width. Use of narrower second exit stairs or drop ladder system may be allowed by Fire Chief's determination. Concern is not just the exit of residents, but access and rescue needs of fire fighters and paramedics; fighting a fire or carrying out occupants.
Elevators	Not required	Not required unless required by Fair Housing Act, or Sec. 1007.2.1 of the International Building Code. Concern of First Responders that this will hinder access to, and safe removal of occupants
Expiration		Included under 5-year expiration

Summary. The recommended Bill, proposing a new Chapter to the ROH, will specify land use, elevator and fire protection standards pertaining to a particular type of mid-rise housing product. The new Chapter will also offer financial and timing incentives to reduce the cost of construction and is expected to significantly catalyze rental housing production. It will be in effect for only five years so developers are motivated to construct affordable rental housing quickly. The two-year interim report and five-year sunset clause will also give the city an opportunity to evaluate the potential impacts of such projects on neighborhoods, and decide whether to continue the program.

As noted above, the department has several reservations about some of the provisions. We have concerns about adequate safeguards to assure that affordable housing is made available to households in the low- and moderate-income range. We have concerns about effects on on-street parking and neighborhood character.

But if there is an affordable housing crisis, new tools must be available to make any progress on addressing the crisis. This new tool, used as envisioned, would play a very significant role in providing new, decent shelter for lower income families, and without any government financial subsidy. It is worth a trial period.

Resolution 18-77



RESOLUTION

REQUESTING THE CITY ADMINISTRATION TO CONSIDER CHANGES TO THE BUILDING CODE TO HELP INCENTIVIZE THE CONSTRUCTION OF AFFORDABLE HOUSING IN APARTMENT ZONES, INCREASE AFFORDABLE HOUSING, AND REDUCE THE PROLIFERATION OF MONSTER HOMES.

WHEREAS, a critical shortage of affordable housing in the City continues to push residents to leave the City for the mainland or into homelessness, and negatively affects the economic prosperity and quality of life for all residents; and

WHEREAS, an increase in the construction of apartment buildings will offer more housing in the City, instead of relying on rezoning agricultural land to create more affordable housing, and thus help the City to address the affordable housing crisis it is currently experiencing; and

WHEREAS, amending the Building Code to allow for building on smaller parcels zoned for high density would help to incentivize the construction of affordable housing in the City by reducing the construction costs as much as 25 percent; and

WHEREAS, incentivizing development in the denser multi-family districts will spur more cost-effective construction of housing, allowing for developers' cost savings to be passed on to the occupants of the newly created housing stock, while reducing demand for so-called monster homes in the residential districts, which are intended for single-family dwellings; and

WHEREAS, the International Building Code ("IBC") is a model building code developed by the International Code Council with the purpose of establishing minimum requirements to safeguard the public health, safety, and general welfare as they are affected by building construction and to secure safety to persons and property from all hazards relating to the occupancy of buildings, structures, or premises; and

WHEREAS, the Hawaii State Building Code Council establishes the State building codes based on the IBC and, under Section 107-28, Hawaii Revised Statutes, the county councils are authorized to amend the code as it applies within their respective jurisdictions; and

WHEREAS, the City's Building Code, codified as Chapter 16, Revised Ordinances of Honolulu 1990, applies to the construction, alteration, moving, demolition, replacement, repair, and use of all buildings and structures within the City, including the construction of apartment buildings; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 18-77

RESOLUTION

WHEREAS, the Department of Planning and Permitting is reviewing amendments to the Building Code that would create new standards for special mid-rise residential construction; and

WHEREAS, the Council supports efforts to increase the development of high density housing on smaller parcels where current building codes limit the options to build affordable housing; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Administration is requested to propose any appropriate changes to the City's Building Code to help incentivize the construction of affordable housing in apartment zones, increase affordable housing, and reduce the proliferation of monster homes, by creating new standards for special mid-rise residential construction that would allow for development of smaller parcels in high density districts; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, and the Director of Planning and Permitting.

INTRODUCED BY:

Chynelle P. P. P.

DATE OF INTRODUCTION:

APR 3 2018

Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 18-77

Introduced: 04/03/18 By: KYMBERLY PINE

Committee: ZONING & HOUSING

Title: RESOLUTION REQUESTING THE CITY ADMINISTRATION TO CONSIDER CHANGES TO THE BUILDING CODE TO HELP INCENTIVIZE THE CONSTRUCTION OF AFFORDABLE HOUSING IN APARTMENT ZONES, INCREASE AFFORDABLE HOUSING, AND REDUCE THE PROLIFERATION OF MONSTER HOMES.

Voting Legend: * = Aye w/Reservations

04/19/18	ZONING AND HOUSING	CR-150 - RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.
04/25/18	COUNCIL	CR-150 AND RESOLUTION 18-77 WERE ADOPTED. 9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


GLEN I. TAKAHASHI, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER

**Written Testimonies
of Mssrs. Hung and
Kaneshige**



Marshall W. Hung - Former Workforce Housing Developer for Honolulu
215 N. King Street, Suite 1000, Honolulu, HI 96817
W: 808.526.2027 ext. 6 F: 808.526-2066

February 12, 2019

Via email to info@honoluludpp.org

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

RECEIVED
19 FEB 20 PM 3:33
DEPT OF PLANNING
CITY & COUNTY OF HONOLULU

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to
Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Marshall Hung and I am retired developer. Following are my expert feasibility conclusions for addressing the rental housing shortage for Honolulu's low wage earners:

\$1,000 to \$2,000 Per Month Market

All recent studies for Honolulu's housing shortage crisis define this type of housing as the most needed because 60% of Honolulu's workforce have wages that can afford only these amounts. New housing development for this population has not been developed since the 1980's for these major reasons:

- 1) Zoning Regulations,
- 2) High Construction Costs,
- 3) High Land Development Costs.

The focus of this legislation is to deregulate for the “small landowners” and to build this type of rental housing to help alleviate Honolulu’s housing shortage. Japan’s current building code (English version) was shared in mid-2017 with Honolulu’s City government leaders to provide an example of how Japan’s building code treats small, medium and large sized buildings differently because their requirements are different. Honolulu’s codes do not do this and treats small and large alike with one size fits all codes. This stifles development needlessly.

Land Availability

Attached is a summary on land availability compiled by DPP showing the number of lots that are zoned Apartment in Honolulu that would be subject to the new regulations. Many of these smaller parcels of land are in “decay” and unable to have new building development because of the above stated reasons. Most of these parcels are close to existing public transportation where residents need not own an automobile. This housing product type is the least desirable, with the most desirable being the single family, followed by the town house products, then the multi-family elevator buildings. This bill is aimed at producing the apartment building of the 1960s and 1970s, but updated with a fire sprinkler system and with new electrical and plumbing that are not in need of constant repair.

Feasibility for New Development

With the objective of 500 new rental apartments per year, or 10 to 15 new buildings, our group has advised Mayor Caldwell’s administration. Understanding feasibility, construction costs, evolution of the building code and Honolulu’s land use growth make it possible for this housing shortage solution. It is a new code for buildings up to 60 feet that can reduce construction costs by an estimated 30%. Our group is led by three retired individuals: Newton Chung from Hawaiian Dredging Construction Company, Mel Kaneshige from Outrigger Hotels and Marshall Hung, a former vertical housing developer. The knowledge to motivate walk-up rental building development is complex and requires a background and experience that government does not have.

Need of Landowners to See Opportunity

Having acknowledged the hard work that it takes for the “greater good” in a democratic government, it must be said that the Mayor had a version of the new code document in September 2018 that could produce rental units priced at \$233,000 per unit (after much review and vetting from April, 2018). The September 2018 version had a one stair plan for buildings with 35 units and less. The September 2018 version allows for the lowest rental rates: \$1,350 for a 338SF one-bedroom and \$1,600 for a 546SF two-bedroom unit. The theory is to incentivize

landowners to put their land equity at risk for a 6 % projected return of a new rental development that will appreciate in future valuation as opposed to owning land with older buildings that have depreciating valuations. This type of development does not attract the high return investor type. Instead, it is a low risk development for landowners because of the high occupancy demand.

Conclusion

Over the past months, since we submitted our last version to the City in September, the City has made changes that have removed incentives necessary for this type of development to proceed. This new version being presented to the Planning Commission by DPP is very different and will not produce the developments needed for the housing shortage crisis. Since mid-2017, we have advised City Council, keeping the Zoning Chair up to date. We believe that the version of this bill now before you negatively impacts the feasibility of having these buildings built and will result in far fewer of these buildings actually being built. We urge the Planning Commission to approve our amended version for City Council's adoption. I attach a copy of our amended version to this testimony.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'M Hung', with a stylized, cursive script.

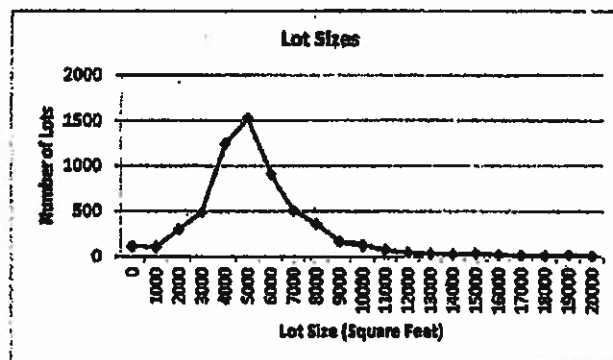
Marshall Hung, former developer

Department of Planning and Permitting's Estimate of Potential Additional Units Possible Under Walkup Rental Apartment Bill

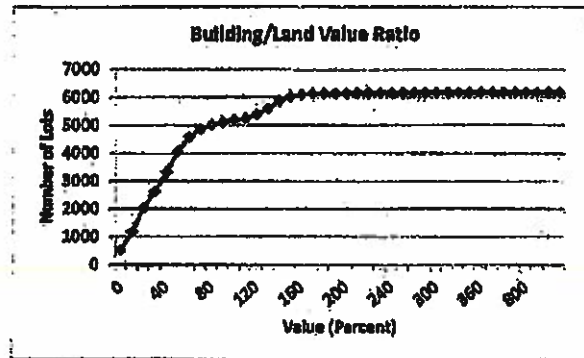
DPP did a quick study of the possible Impact of the Walkup Rental Apartment bill and found the following:

1. **6,175 Apartment-Zoned Parcels of 20,000 sf and Less.** In the Apartment-zoned lands on Oahu, there are 6,175 parcels of 20,000 sf or less. More than ½ of the 6,175 parcels are 5,000 sf or less in size.

APARTMENT LANDS UNDER 20,000 SQUARE FEET
Total Number of Lots: 6,175



2. **Parcels Susceptible for Redevelopment.** DPP then looked at only those lots that were a minimum of 5,000 sf in size to a maximum of 20,000 sf. Using this parameter, DPP found that there are 3,204 Apartment-zoned parcels.
 - a. DPP then estimated which of these 3,204 parcels are susceptible for redevelopment. DPP's methodology was to compare the assessed valuation of improvements on a parcel with the assessed valuation of the land. DPP used two benchmarks – Improvements with a valuation of (a) 30% or less of the land and (b) 10% or less of the land.
 - b. DPP found that there are 1,382 parcels with improvements that are valued at 30% or less than the land and 536 parcels with improvements that are valued at 10% or less than the land.



3. **At Least 14,000 to 21,000 Additional Units Possible.** DPP then calculated that the proposed bill could result in 14,073 to 21,084 additional units using the 30% valuation of improvements v. land. DPP's assumptions included (a) lots between 5,000 sf and 20,000 sf, (b) height limits of three and floor stories (resulting in the difference between the 14,703 additional units and the 21,084 additional units), (c) 4.0 FAR, (d) 20% minimum common area, and (e) 800 sf average unit size. DPP did not include Apartment Mixed Use zoned lands, Business zoned lands, or Business Mixed Use zoned lands nor lands zoned for schools with excess lands that could be used for this purpose. In other words, the potential for additional units is much greater than the 14,000 to 21,000 units calculated for just the Apartment zoned lands.

APARTMENT LANDS 5,000 - 20,000 SQUARE FEET

Total Number of Lots: 8,204

	Building/Land Value Less Than Or Equal To		Approximate Density (units/acre)
	30%	10%	
Total Number of Lots	1,882	596	
FOUR FLOORS MAXIMUM:			
Possible Housing Units*	28,044	11,468	100-140
Existing Housing Units	6,960	1,588	
Addition to Housing Stock	21,084	9,882	
THREE FLOORS MAXIMUM:			
Possible Housing Units*	11,039	8,601	70-105
Existing Housing Units	6,960	1,588	
Addition to Housing Stock	14,079	7,015	

A BILL FOR AN ORDINANCE

RELATING TO AFFORDABLE RENTAL HOUSING

BE IT ORDAINED by the People of the City of the County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to increase the production of affordable rental housing and to encourage dispersal of affordable rental housing throughout the City and County of Honolulu by amending zoning and building code standards and offering financial incentives.

SECTION 2. Findings. For decades, the City and County of Honolulu has grappled with a critical shortage of affordable rental housing. This problem grows worse by the year and threatens to undermine our quality of life and permanently erode the City's social and economic foundations so as to jeopardize its order and security. The Mayor's Affordable Housing Strategy (September 2015) summarized these affordable housing needs and proposed strategic actions relating to policies, incentives, regulations, programs, financial tools, and investments.

The *Affordable Rental Housing Report and Ten-Year Plan* dated July 2018 published by the Special Action Team on Affordable Rental Housing Report pursuant to Act 127 (Session Laws of Hawai'i 2016) stated that " . . . unless the planning, funding, and delivery of affordable rental housing becomes an overarching priority for the legislature, governor, mayors, housing agencies, developers, and public and private funding sources, 70% of Hawai'i's families will soon be excluded from affordable, safe, and sanitary housing – a key component of quality of life that is taken for granted by the top 25% of households in the state."

The *Affordable Rental Housing Report and Ten-Year Plan* went on to state "The Special Action Team understands that the scarcity of safe, sanitary, and affordable rental housing constitutes a crisis for nearly two-thirds of the state's residents. This report urges state and county officials to act on issues that affect the affordability of housing." The Report further stated "Act 127 is unequivocal that the 'lack of supply leads to higher rents for households of all income levels, leaving all tenants with less disposable income, increasing the personal stress of tenants, reducing tenant quality of life, and exacerbating the overcrowded living conditions. Without sufficient affordable rental housing, the future social, community, and economic consequences for Hawai'i may be dire.'"

Act 127 stated "Although many reasons contribute to the lack of affordable rental units for low- and moderate-income households, the primary reason is a poor rate of return for investments in affordable rental housing projects. As the Affordable Rental Housing Study Update, 2014, succinctly states, simply put, affordable rental housing is unprofitable, so the market won't address the need by itself. Government regulations

that restrict affordable housing development and lengthen the time tenants qualify for affordable rental housing also contribute to the lack of affordable rental housing.”

This ordinance recognizes that the cost of land and construction in Honolulu is one of the highest in the country and there are many small parcels which are zoned for multifamily dwellings which have limited development potential due to the high cost of development of affordable rental housing which could be addressed by a comprehensive and concentrated effort to encourage the development of affordable rental housing units. The objective of this ordinance is to encourage the annual development of at least 500 new affordable rental housing units on these small multifamily zoned parcels.

Therefore, it is proposed that there be a new chapter added to the Revised Ordinances of the City and County of Honolulu to specifically address development and construction standards for low-rise multifamily affordable rental housing and other provisions of the Revised Ordinances be amended to provide financial incentives for that purpose.

SECTION 3. The Revised Ordinances of Honolulu 1990 is amended by adding a new chapter to be appropriately designated by the Revisor of Ordinances as Chapter ___ to read as follows:

Chapter __. Affordable Rental Housing

Article 1. General Provisions

Sections:

- __-1.10 Title.**
- __-1.20 Purpose and Intent.**
- __-1.30 Administration.**
- __-1.40 Definitions.**
- __-1.50 Application and Conflicts.**

Section __-1.10 Title.

The provisions of this chapter, inclusive of any amendments, shall be known as the Affordable Rental Housing ordinance of the City and County of Honolulu.

Sec. __-1.20 Purpose and Intent.

The purpose and intent of the affordable rental housing ordinance is to encourage the development of affordable rental housing in low-rise multifamily dwelling unit buildings in the apartment, apartment mixed use, business, business mixed use districts, as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted, to increase the supply of affordable rental housing and reduce the proliferation of excessively large homes in the residential districts.

Sec. __-1.30 Administration.

The director of the department of planning and permitting shall administer the provisions of this Chapter. The director may designate duties established under this Chapter.

Section __-1.40 Definitions.

For the purposes of this chapter, words used in the present tense shall include the future; words used in the singular include the plural, and the plural the singular. The use of any gender shall be applicable to all genders. The word "shall" is mandatory; the word "may" is permissive; the word "land" includes inland bodies of water and marshes.

Where a proposed use is not specifically listed in this chapter or included in a definition in this article, the director will review the proposed use and, based upon the characteristics of the use, determine which listed and/or defined use is equivalent to that proposed.

Unless otherwise expressly stated, whenever used in this chapter, the following terms shall have the meanings set forth below.

"Affordable rental housing" means a building or buildings containing multi-family dwelling units that meets the following criteria:

(a) At least 80 percent of the total number of dwelling units are rented to households earning 100 percent and below of the median income, as determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size;

(b) No more than 20 percent of the dwelling units are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s). For purposes of this section, "designated authorized representative(s)" means the person or persons designated by the property owner or owners to the department of planning and permitting, who are responsible for managing the property.

(c) Households in affordable rental housing units must have a lease with a term of no less than six months with a prohibition against subleasing; provided, however, that a lease may have a term of less than six months if the tenant is a Hawaii resident as certified by the landlord.

(d) The owner of affordable rental housing shall file an annual certification with the director on a form provided by the department affirming that at least 80 percent of the total number of dwelling units in the affordable rental housing are affordable rental housing units and no more than 20

percent are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s).

"Affordable rental housing unit" means each dwelling unit in an affordable rental housing building or buildings that meets the criteria that qualifies the building or building as "affordable rental housing."

"Area Median Income" or "AMI" means the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size.

"Department" means the department of planning and permitting.

"Director" means the director of the department of planning and permitting."

"Bathroom" means a room that is equipped for taking a bath or shower and that includes a sink and toilet. A 0.5 bathroom means a room that is equipped with a sink and toilet, but without a bath or shower."

Sec. __-1.50 Application and Conflicts.

Unless otherwise specifically noted herein, all requirements, standards, and processes under Chapters 21, 21A, 22, 23, and 25, Revised Ordinances of Honolulu, shall apply, including definitions, standards, procedures, and permit requirements, appeals, and variances. Where there appears to be a conflict across applicable provisions, the provisions of this Chapter shall prevail.

Article 2. Permitted Use, Development and Other Standards

Sections:

- _2.10 Permitted Use.**
- _2.20 Development Standards.**
- _2.30 Maximum Number of Dwelling Units.**
- _2.40 Parking.**
- _2.50 Maximum Sizes of Dwellings.**
- _2.60 Examples of Maximum Building Area and Yards. [Figure _2.60]**
- _2.70 Examples of Maximum Building Height. [Figure _2.70]**
- _2.80 Bicycle Parking.**
- _2.90 Prohibition Against Condominium Property Regime in TOD Zones.**
- _2.100 Expedited Processing.**

Section _2.10 Permitted Use.

Affordable rental housing shall be a permitted use in the apartment, apartment mixed use, business, and business mixed use zoning districts, as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted.

Section _-2.20 Development Standards.

Affordable rental housing is subject to the following development standards and off-street parking and loading requirements:

Development Standard	Requirement
Maximum lot area	20,000 sq. ft.
Minimum front yard	10 ft. except in TOD zones where no front yard is required and at least two-thirds of the total length of the building façade along the street shall be devoted to residential or commercial (non-parking) use. Fire exit stairs and corridors leading to the fire exit stairs, as well as any loading spaces, may also encroach into the front yard.
Minimum side and rear yards	5 ft. except that fire exit stairs and corridors leading to the fire exit stairs may encroach into the side and rear yards.
Maximum building area	80% of the zoning lot
Maximum building height	60 ft.
Maximum density	4.0 FAR
Height setbacks	None
Off-street parking	None
Off-street loading	None, except that any loading and garbage storage shall be accommodated on site.

(See Figures _-2.60 and _-2.70 for examples).

These development standards and off-street parking and loading requirements shall supersede any conflicting requirements established by the land use ordinance, including without limitation, those applicable to special districts. All other applicable development standards and off-street parking and loading standards established by the land use ordinance not in conflict with the foregoing will continue to apply.

Section _-2.30 Maximum Number of Dwelling Units.

The maximum number of affordable rental housing units for each zoning lot is determined by dividing the square footage equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800, and rounding down to the nearest whole number.

Section _-2.40 Parking.

Parking, if any, may extend into the side and rear yards, provided a solid wall of at least four feet but no more than six feet in height is built along the property boundary where the parking extends into the side and rear yards.

Section _-2.50 Maximum Sizes of Dwellings.

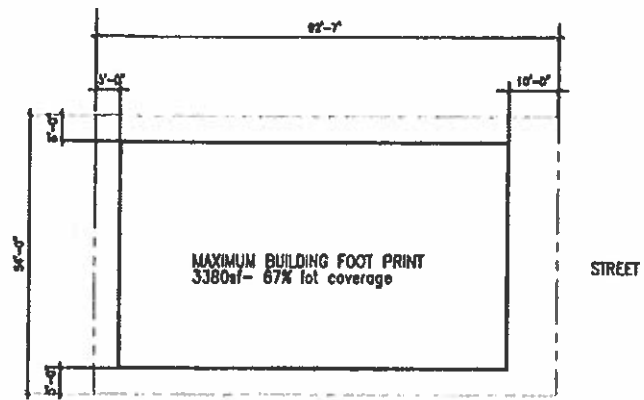
The maximum size of an affordable rental housing unit is as follows:

Number of Bedrooms and Bathrooms	Maximum Floor Area (square feet)
Studio with 1 bathroom	500
One bedroom with 1 bathroom	650
One bedroom with 1.5 bathrooms	700
One bedroom with 2 bathrooms	750
Two bedrooms with 1 bathroom	800
Two bedrooms with 1.5 bathrooms	900
Two bedrooms with 2 bathrooms	1,000
Three bedrooms with 1.5 bathroom	1,100
Three bedrooms with 2 bathrooms	1,200
Three bedrooms with 2.5 bathrooms	1,250
Four bedrooms with 2 bathrooms	1,300
Four bedrooms with 2.5 bathrooms	1,350

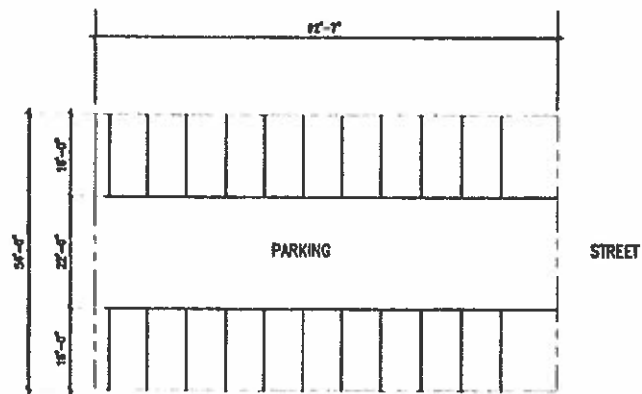
Section _-2.60 Examples of Maximum Building Area and Yards.

The following illustrate possible configurations of maximum building area and required yards. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

Figure _-2.60
5,000 SQUARE FOOT LOT

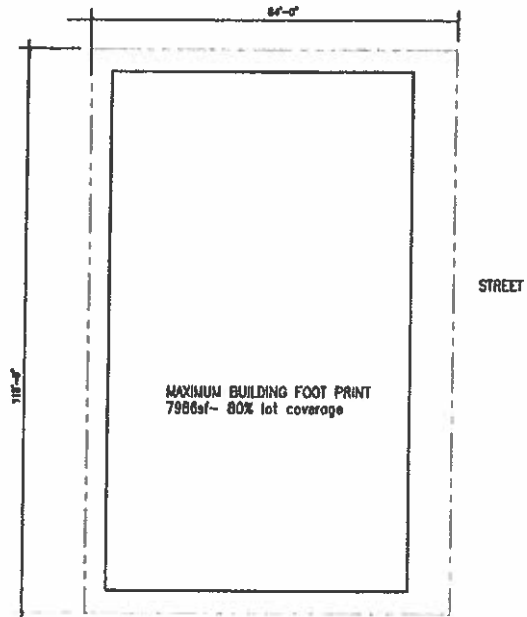


PLOT PLAN

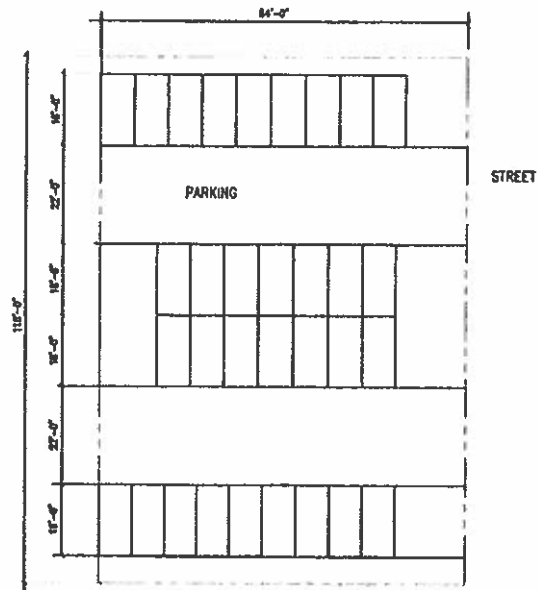


PLOT PLAN
5000 SF LOT

Figure -2.60
10,000 SQUARE FOOT LOT

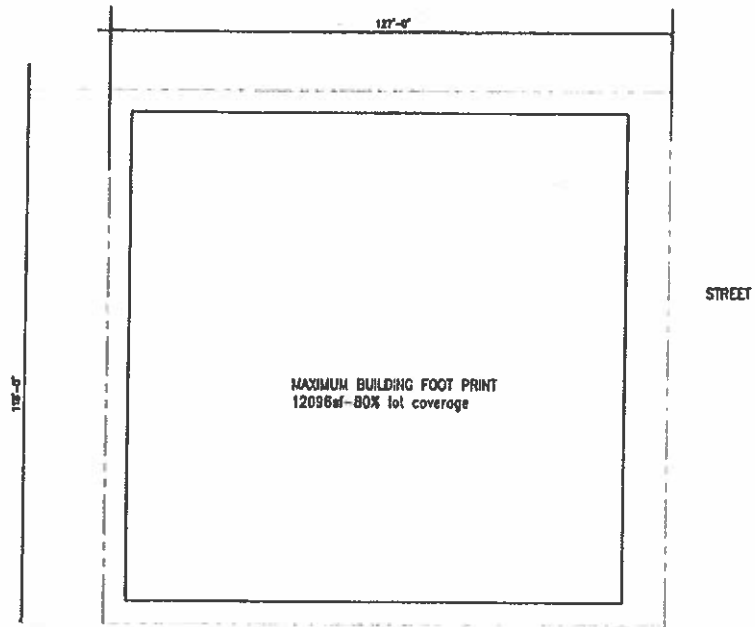


PLOT PLAN
10,000 SF LOT

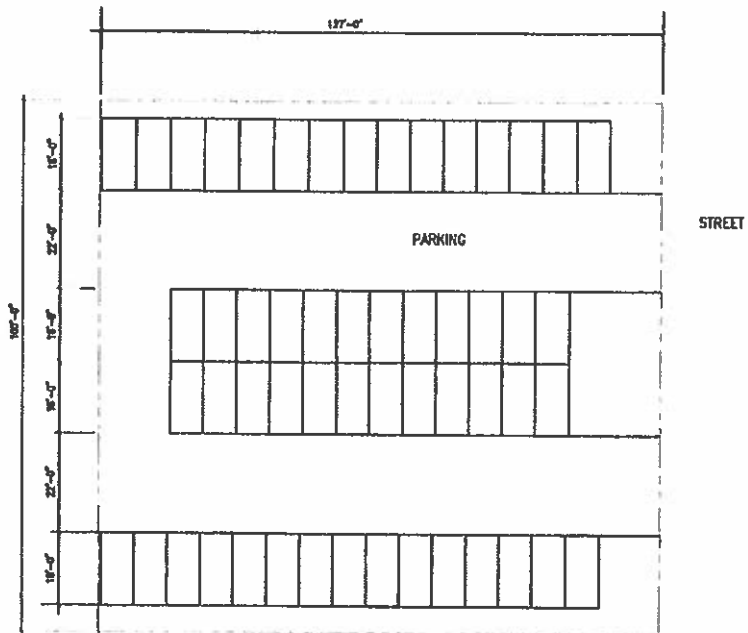


PLOT PLAN
10,000 SF LOT

Figure -2.60
15,000 SQUARE FOOT LOT

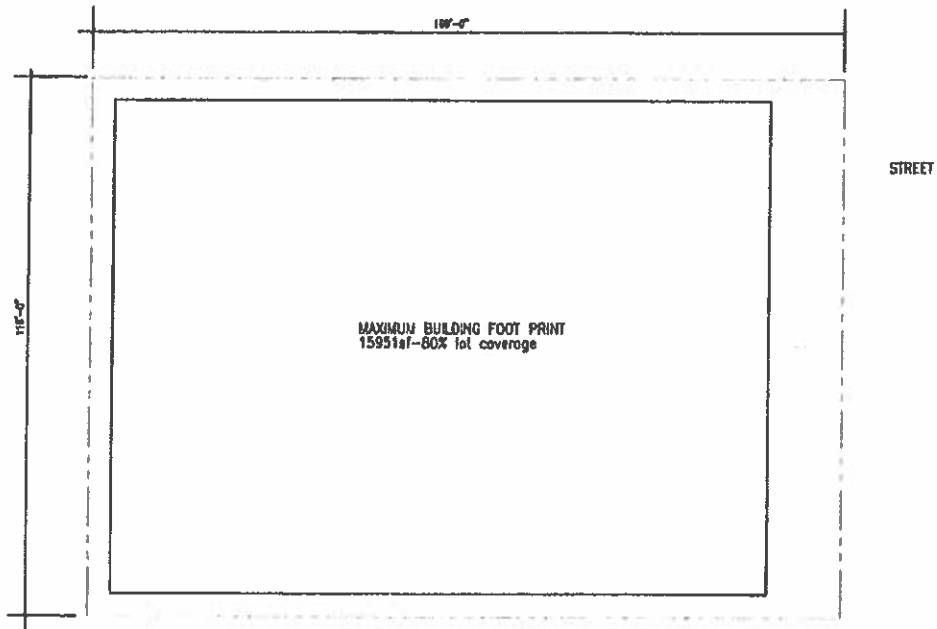


PLOT PLAN
15,000 SF LOT

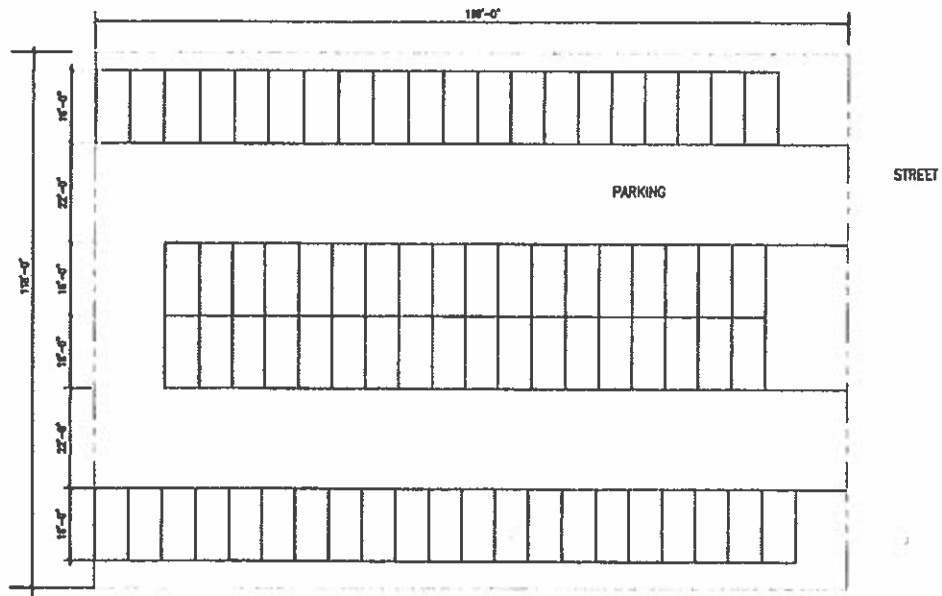


PLOT PLAN
15,000 SF LOT

Figure 2.60
20,000 SQUARE FOOT LOT



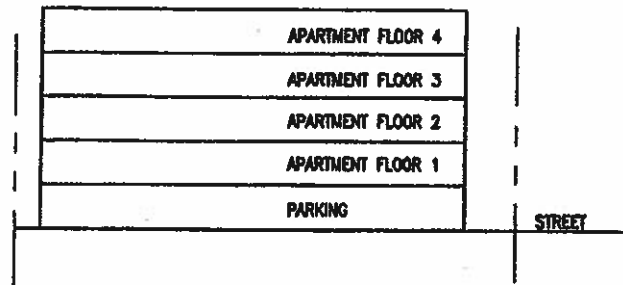
PLOT PLAN
20,000 SF LOT



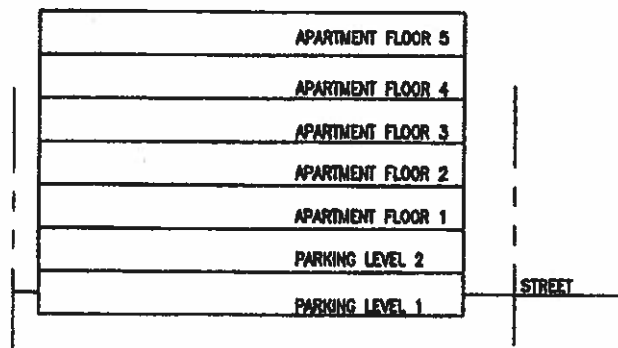
PLOT PLAN
20,000 SF LOT

Section _-2.70 Examples of Maximum Building Height.

Figure _-2.70



SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING

Section _-2.80 Bicycle Parking.

Section 21-6.150, ROH, regarding bicycle parking, shall not apply but, if bicycle parking is provided, it may encroach into any required yards.

Section _-2.90 Prohibition Against Condominium Property Regime in TOD Zones.

The owner or owners of the lot on which affordable rental housing is built pursuant to this chapter and which is located in a TOD Zone (as defined in Section 21-9.100, ROH) shall record in the bureau of conveyances of the State of Hawaii, or if the lot is subject to land court registration under HRS Chapter 501, in the land court, a covenant that neither the owner or owners, nor the heirs, successors or assigns of the owner or owners, shall submit the lot or any portion thereof to the condominium property

regime established by HRS Chapter 514B, as amended or replaced. The covenant must be recorded on a form approved by or provided by the director and may contain such terms as the director deems necessary to ensure its enforceability. The failure of an owner or of an owner's heir, successor or assign to abide by such a covenant will be deemed a violation of Chapter ___ and be grounds for enforcement of the covenant by the director pursuant to Section ___-_____, et seq., and will be grounds for an action by the director to require the owner or owners to remove, pursuant to HRS Section 514B-47, the property from a submission of the lot or any portion thereof to the condominium property regime made in violation of the covenant.

Section _-2.100 Expedited Processing.

Upon acceptance of a completed application for a building permit application to construct affordable rental housing the department of planning and permitting must either approve or disapprove the application within 90 calendar days. Failure on the part of the department to approve or disapprove within 90 days shall constitute approval of the application.

Article 3. Building Construction Standards

Sections:

- _ -3.10 Intent**
- _ -3.20 Scope**
- _ -3.30 Standards**

Section _-3.10 Intent.

The intent of this article is to provide special construction requirements for the construction of affordable rental housing as permitted in this chapter.

Section _-3.20 Scope.

In addition to the requirements of the building and housing codes, the provisions of this article shall apply to the construction of affordable rental housing. Where there is a conflict between the provisions of this article and the provisions of the building and housing codes, Chapters 16 and 27, the provisions of this article shall prevail. The requirements set forth herein are minimum requirements. All other provisions of the building and housing codes shall apply.

Section _-3.30 Standards.

- (a) **Building Heights and Areas.** The height permitted by Table_A shall be increased in accordance with Section 504 of the building code. The area of a one-story building shall not exceed the limits set forth in Table _A, except as provided in Section 506 of the building code.

TABLE _A

TYPE OF CONSTRUCTION	ALLOWABLE HEIGHT AND BUILDING AREAS FOR MID-RISE MULTI-FAMILY RESIDENTIAL BUILDINGS.				
	Height Limitations shown as stories and feet above grade plane. Area limitations as determined by the definition of "Area, building," per story				
	IB	IIA	IIIA	HT	VA
	MAXIMUM HEIGHT (feet)				
Height/Area	60	60	60	60	50
Height/Area	Maximum Height (stories) and Maximum Area (sq. ft.)				
H	7	7	7	7	5
A	80% of land area	80% of land area	80% of land area	80% of land area	80% of land area

(b) **Type of Construction.**

Types of Construction. The minimum type of construction shall be in accordance to Chapter 6 of the building code and Table _A.

(c) **Fire-Resistance Rated Construction and Requirements.**

- (1) Where an exterior wall is less than 10 feet from the property line, one-hour fire rated exterior walls with no greater than 25% openings per wall surface; provided further that the windows in the openings may be unrated.
- (2) One-hour fire rated corridor walls for double loaded corridors and demising walls between units.
- (3) Twenty-minute fire rated entry doors to units with automatic closure mechanisms.
- (4) Unrated fire interior walls within each dwelling unit.
- (5) One-hour fire rated floors and roof or Heavy Timber.
- (6) Two-hour fire rated walls between units and building stairs or passenger elevators.
- (7) Two-hour rated walls and ninety-minute fire rated door in the booster pump room described in Section __-3.30(d)(5).
- (8) All domestic water and fire sprinkler piping shall be made of non-combustible material.

(d) **Fire Protection System.**

The installation of automatic sprinkler systems for protection against fire hazards shall be designed and installed in accordance with Section 903 of the building code, or for residential occupancies up to and including seven stories in height in buildings not exceeding 60 feet in height above grade an automatic sprinkler system shall be provided as follows:

- (1) A common sprinkler/domestic main shall installed throughout the building.

- (2) Vertical risers shall be provided with a secured shutoff valve locked in the open position. All required outages shall be provided with a fire watch.
 - (3) All sprinkler heads shall be installed prior to the last plumbing fixture served within the unit. All sprinkler piping serving a sprinkler head shall be kept to a minimum and no greater than 16" in length.
 - (4) The discharge density shall be 0.05 gpm/sf with a maximum of four sprinkler heads within a compartment.
 - (5) A booster pump shall be provided to accommodate the domestic water and greatest hydraulic demanding sprinklers within a unit. The booster pump shall provide a minimum of 40 psi at the top of the riser.
 - (6) A manual wet stand pipe shall be pre-charged from a domestic water supply tap. The stand pipe shall be located in an exterior open stairwell with two-hour rated walls.
 - (7) For exterior walls that are between five and ten feet from the property line with greater than a 10% wall opening, there must be a sprinkler head at all wall openings to provide a water curtain when the sprinkler head is activated.
 - (8) For buildings over 40 feet in height with Type VA construction, an NFPA 13 sprinkler system shall be required.
 - (9) A mechanical engineer licensed in the State of Hawaii shall prepare the plans for the automatic sprinkler system required by this section.
- (e) **Fire and smoke alarm systems.**
Smoke detectors with audio alarms that are electronically powered shall be installed in bedrooms and kitchens of low-rise multifamily affordable rental dwellings. An alarm pull box is to be installed on each floor of the building which shall be electronically connected to set off bell alarms on all floors of the building.
- (f) **Means of Egress.**
Exterior corridors and balconies that are open with railings or other fascia surfaces may be constructed up to five feet from the property line.
- (g) **Fire Escape Stairs.**
- (1) All fire stair exits may be open provided that the walls adjoining any residential unit are two-hour fire rated walls.
 - (2) The minimum width for at least one fire exit stair shall be 36 inches and the other fire exit stairs shall be no less than 30 inches in width.
 - (3) Buildings with 35 units or less may have one fire exit stair exiting to the ground floor, provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction, shall also have an exit to the roof with a standard-sized door at the roof top exit, and shall have a railed-off waiting area on the roof; provided further that the total length of the building shall not be greater than 100 feet.

- (4) Alternative fire exits in lieu of a second fire exit stair, including a drop ladder system and smaller sized stairs, may be approved by the Fire Chief.
- (h) **Exterior Glass.**
Exterior glass in affordable rental housing shall be exempt from the requirements of the Building Energy Conservation Code, Chapter 32, ROH.
- (i) **Accessibility.**
No elevators shall be required unless required by the Fair Housing Act.

Article 4. Exemption from General Excise Taxes

Sections:

- _4.10 Intent**
- _4.20 Application**

Section _4.10 Intent.

The intent of this article is to provide an additional incentive to spur the construction of affordable rental housing as permitted in this Chapter.

Section _4.20 Application.

A developer of affordable rental housing may file with the department an application for an exemption from State of Hawaii general excise taxes under the provisions of Section 201H-38, Hawaii Revised Statutes, and the department shall file the application with the Hawaii Housing Finance and Development Corporation to obtain the State of Hawaii general excise tax exemption.

Article 5. Incentives

Sections:

- _5.10 Exemption from Real Property Taxes**
- _5.20 Waiver of Wastewater System Facility Charges**
- _5.30 Waiver of Plan Review and Building Permit Fees**
- _5.40 Waiver of Park Dedication Requirement**

Section _5.10 Exemption from Real Property Taxes

Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding new sections to be designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-10.____ Exemption – Qualifying affordable rental housing.

- (a) For the purposes of this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter ___, ROH.

"Affordable rental housing unit" shall have the same meaning as defined and permitted under Chapter ___, ROH.

"Area Median Income" or "AMI" shall mean the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area as adjusted for household size.

"Regulated period" means the ten-year period commencing upon the effective date of the claim for exemption approved by the director and ending on June 30th of the last year of the ten-year period.

- (b) Real property improved with affordable rental housing may qualify for an exemption under this section. The director's approval of a claim for exemption will exempt real property from real property taxes during the regulated period. The exemption amount is calculated by multiplying the total assessed value of the real property by a fraction, the numerator of which is the number of square feet contained in all affordable rental housing units rented to households earning 80 percent and below of the median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size, and the denominator of which shall be the total number of square feet of all dwelling units in the real property.**
- (c) Real property determined by the director to be exempt as described in subsection (b) above will be exempt from property taxes for the duration of the regulated period. If the project fails to meet the requirements under this section at any time during the regulated period, the exemption will be canceled, and the real property will be subject to taxes and penalties pursuant to subsection (g)(3) below.**
- (d) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under subsection (b) above will be exempt from property taxes effective as of the date the application is filed with the director; provided that the initial application for an exemption must be filed with the director within 60 days after any certificate of occupancy is issued for the real property by the department of planning and permitting. In the event property taxes have been paid in advance to the city for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the effective date of the exemption. Where a claim for exemption is filed more than 60 days after any certificate of occupancy has been issued but on or before September 30, the**

effective date of an exemption approved by the director shall be July 1 of the succeeding tax year.

- (e) After the initial year for which the real property has qualified for an exemption, a claim for a continued exemption must be filed annually on or before September 30th, together with a certification from the applicant certifying that the project continues to be in compliance with the applicable requirements of Chapter ____.
- (f) The director may, after 30-days written notice to the owner of the affordable rental housing, audit the records of the real property exempt from taxes under this section. An owner's refusal or failure to cooperate and produce all records requested by the director may result in cancellation of the exemption and subject the real property to the taxes and penalties determined in subsection (g)(3) below.
- (g) **Cancellation of Exemption-Penalties.**
 - (1) **Notice by Director.**

Following the initial year for which real property has qualified for an exemption under this section, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless a claim for continued exemption and all the necessary documents are received by the director by November 15th of the same year, the exemption will be canceled.
 - (2) **Cancellation of Exemption.**
 - (A) An owner who has been sent a notice under subdivision (1) by the director and who fails to file for an exemption by the November 15th deadline will have the exemption canceled and the project will be subject to taxes and penalties pursuant to subdivision (3).
 - (B) In the event the director finds that the initial or a subsequent claim for exemption contains false or fraudulent information, the project fails to meet the requirements during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the effective date of the application which contains false or fraudulent information, the date the project fails to meet the requirements during the regulated period, or the date upon which the last application approved by the director shall expire, and the project will be subject to the taxes and penalties determined in subdivision (3).
 - (3) **Back Taxes and Penalties.**

In the event a project is subject to taxes and penalties, as provided in subdivision (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed are

payable, together with a penalty in the form of interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property. In the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a late filing penalty of \$500 will be imposed.

- (h) If an exemption is granted under this section, an exemption for the same property may not be granted under any other section."

Sec. 8-10. __ Exemption – During construction work for and marketing of affordable rental housing

- (a) As used in this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter __.

"Qualifying construction work" means work to construct affordable rental housing.

- (b) Any incremental increase in the valuation of the real property primarily attributable to qualifying construction work will be exempt from property taxes.
- (c) A claim for exemption must be filed with the director on or before September 30th preceding the first tax year for which the exemption is claimed on a form as may be prescribed by the department, and must be supported by documentation establishing the date of the issuance of the building permit for demolition, if applicable, or the building permit for new buildings or portions thereof, additions, or substantial rehabilitations.
- (d) The claim for exemption, once allowed, shall expire:
 - (1) two calendar years after issuance of a building permit for a new building;
 - (2) upon issuance of a certificate of completion; or
 - (3) upon issuance of any certificate of occupancy;whichever occurs first. The director may extend this exemption for good cause."

Section 5.20 Waiver of Wastewater System Facility Charges

APPENDIX 14-D under Section 14-10, Revised Ordinances of Honolulu 1990, is amended to read as follows:

- (a) Wastewater system facility charges, as set forth in Appendix 14-D of this chapter will be waived for the following:

- (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
- (2) Affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-10. or an interim planned development-transit permit pursuant to Section 21-9.100-5; or
- (3) Affordable rental dwelling units developed in compliance with HRS Section 201H-36(a)(5); or
- (4) Affordable rental housing as defined in Chapter ____.

Section 5.30 Waiver of Plan Review and Building Permit Fees

Section 18-6.5, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec.18-6.5 Exemptions.

- (a) The city, all agencies thereof and contractors therewith will be exempt from the requirement of paying plan review and permit fees.
- (b) The building official may grant an exemption from the requirement of paying plan review and permit fees for any person seeking to restore or reconstruct a structure damaged or destroyed as a result of a major disaster. For the purposes of this section:
 - (1) "Major Disaster" means any hurricane, tornado, storm, flood, high water, tsunami, earthquake, volcanic eruption, landslide, mud slide, fire, explosion or other catastrophe occurring in any part of the city that causes damage, suffering, and loss to such a degree that:
 - (A) The President of the United States has declared, pursuant to the Disaster Relief Act of 1974, P.L. 93- 288, that a major disaster exists such that the city or any part thereof is eligible for federal disaster assistance programs;
 - (B) The governor of the State of Hawaii has declared pursuant to HRS Chapter 209 that a major disaster has occurred;
 - (C) The mayor has issued a proclamation declaring the existence of a major disaster; or
 - (D) The council has adopted a resolution declaring the existence of

a major disaster.

- (2) "Restore and reconstruct" means any repair or other work performed to return a structure to its former condition that does not increase the floor area of the structure beyond that of the structure prior to the major disaster, is in conformance with the building code, flood hazard regulations, land use ordinance, and other applicable laws, and is started within two years of the major disaster.
 - (3) The burden of proof that work to be performed qualifies for an exemption from the payment of building permit fees due to a major disaster will be on the owner of the structure. An applicant filing for such exemption must certify in writing that the work to be performed will be in conformance with the requirements of this section.
- (c) All owners and their contractors will be exempt from paying that portion of any building permit fee for permits issued after September 15, 1994 attributable to the installation of ultra-low flush toilets that they install on their properties to replace existing non-ultra-low flush toilets.
- (d) The building official shall waive the collection of any building permit fee for a period of three years where the business has been certified to be a qualified business pursuant to Section 35-1.3.
- (e) The building official shall waive the collection of any building permit fee for any person seeking to replace a dilapidated dwelling unit located on homestead land leased under the Hawaiian Homes Commission Act of 1920. For the purposes of this section:
 - (1) "Dilapidated dwelling unit" means any residential home that has significantly deteriorated because of age, termites, or other causes, which make the home unsafe, uninhabitable, or unhealthy.
 - (2) The burden of proof that a dwelling unit is dilapidated and qualifies for an exemption from the payment of building permit fees will be on the owner of the unit. An applicant filing for such exemption shall attach acceptable proof that the dwelling unit is dilapidated to the building permit application.
 - (3) The replacement home may increase the floor area of the originally demolished or removed structure.
- (f) The building official shall waive the collection of any plan review and building permit fees exclusively for the creation of an "accessory dwelling unit," as defined in Section 21-10.1. The plan review and building permit fees that were collected for the creation of "accessory dwelling units" after September 14, 2015 will be reimbursed if requested by the permittee. Building permit fees and plan review

fees will not be waived where a permit was required and work started or proceeded without obtaining a permit. In these cases, fees will be required pursuant to Section 18-6.2(d).

- (g) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project equal to:
 - (1) The percentage of affordable dwelling units as defined in and as provided within the project pursuant to Chapter __: or
 - (2) The percentage of affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-10, or an interim planned development-transit permit pursuant to Section 21-9.100-5.
- (h) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project that is in compliance with HRS Section 201H-36(a)(5).
- (i) The building official shall waive the collection of the plan review and building permit fees for affordable rental housing as defined in Chapter __.

Section 5.40 Waiver of Park Dedication Requirement

Section 22-7.3, Revised Ordinances of Honolulu 1990 ("Subdivision of Land - Scope"), is amended to read as follows:

"Sec. 22-7.3 Scope.

- (a) Every subdivider, as a condition precedent to the:
 - (1) Approval of a subdivision by the director; or
 - (2) Issuance of a building permit for multiple-family development by the department of planning and permitting:

shall provide land in perpetuity or dedicate land for park and playground purposes, for joint use by the occupants of lots or units in subdivisions as well as by the public. The dedication of land for a park will be subject to the maximum ceiling in land or money in lieu thereof, calculated in accordance with the formula designated in Sections 22-7.5 and 22-7.6. In lieu of providing land in perpetuity or dedicating land, the director may permit a subdivider to pay a fee equal to the value of the land that would otherwise have been required to be provided in perpetuity or dedicated, or combine the payment of a fee with the provision or dedication of land, the total value of such combination being not less than the total value of the land that would otherwise have been required to be provided in perpetuity or dedicated

- (b) This article applies to all subdivision of land into two or more lots for residential purposes, including developments under Section 21-8.30, and to construction of multiple-family developments. When a new building or group of buildings containing dwelling or lodging units is added to an existing multiple-family development, approved prior to October 16, 1976, the provisions of this article will apply only to such new additions, and not to the previously approved multiple-family development.
- (c) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered to increase the number of dwelling or lodging units, the provisions of this article will apply to the number of dwelling or lodging units added to the enlarged or altered building.
- (d) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered without increasing the total number of dwelling or lodging units, and the cost of such work exceeds 50 percent of the total replacement cost of the building at the time of the building permit application, the provisions of this article will apply to the total number of dwelling or lodging units contained in the enlarged or altered building. The 50 percent replacement cost is calculated on each individual building, and not on the total replacement cost of the multiple-family development. The percentage will be cumulative for each building after October 16, 1976. The provisions of this article apply to all new or existing units in an enlarged or altered building whenever the cumulative 50 percent replacement cost is exceeded.
- (e) Upon acceptance of the land by the city, the city shall thereafter assume the cost of improvements and their maintenance. Fees received will be disbursed for the acquisition or development of parks and playgrounds, including physical facilities.
- (f) This article also applies to any change in the use of buildings to multiple-family dwelling use subsequent to October 16, 1976.
- (g) In any zoning district or special district where mixed uses of business, commercial, office, and dwelling units are permitted, the provisions of this article apply to all units where kitchen and bathroom facilities are provided, or electrical and plumbing systems are located and designed so that these units may be readily converted to dwelling units without securing a new building permit or without undertaking any major alterations or renovation work.
- (h) This article does not apply to those units where legal documents are drawn up by the applicant to assure that the units will not be converted to dwelling units. The legal documents must be recorded as covenants running with the land and subject to the review and approval of the director of planning and permitting and

the corporation counsel. The legal documents must be fully executed and recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court, or both, as appropriate, and proof of such recordation must be submitted to the director of planning and permitting prior to the issuance of building permits.

- (i) This article applies to any conversion in use of any existing nondwelling unit to a dwelling unit, and such conversion cannot be undertaken unless the provisions of this article have been met.
- (j) This article also does not apply to the following dwelling units:
 - (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
 - (2) Affordable dwelling units provided pursuant to a planned development transit permit pursuant to Section 21-9.100-10, or an interim planned development-transit permit pursuant to Section 21-9.100-5; ~~or~~
 - (3) Affordable rental dwelling units provided in compliance with HRS Section 201H-36(a)(5)-or
 - (4) Affordable rental housing as defined in Chapter ____.

SECTION 4. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the Revisor's authority under ROH Section 1-16.3(b)(6) replace reference numbers to agree with newly numbered chapters or sections.

SECTION 5. This ordinance takes effect upon its approval and will be repealed five years after its effective date. No later than two years prior to the repeal date of this ordinance, the director of planning and permitting shall submit to the City Council a report on the number of additional affordable rental housing units developed under this ordinance, and a recommendation regarding the repeal, modification, or extension of this ordinance. Upon the repeal of this ordinance, any affordable rental housing use and structure developed pursuant to this ordinance shall be considered a nonconforming use and structure, respectively, as provided under Chapter 21-4.110.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20__.

KIRK CALDWELL, Mayor
City and County of Honolulu

February 16, 2019

Via email to info@honoluluudpp.org

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

DEPT OF PLANNING
AND COMMUNITY DEVELOPMENT
CITY & COUNTY OF HONOLULU

19 FEB 19 09:00

RECEIVED

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH,
Relating to Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Mel Kaneshige. I am a retired Honolulu resident who is concerned about Hawaii's housing crisis.

We have a housing crisis in Hawaii. The State estimates that we will have a shortage of 65,000+ units by 2025 and that a third of that (22,500 units) will be a shortage of affordable rental units. What I am saying is not new to any of us.

This affects all of us. We have kids who move to the mainland and never come back because they can't afford to live here. The lack of affordable housing is a big factor in homelessness as well.

The situation is not getting better. We can't keep doing the "same old, same old" and hope that it works. That is the definition of insanity.

We need new ideas and bold action now, not tomorrow - NOW. We don't need any more studies to tell us we are in trouble. Any fool can see that. We need to change the way we have been doing things to make it better. NOW.

This bill is taking a different approach from past attempts to alleviate the housing crisis. It's not relying on public action. It's looking to the private sector to produce affordable rental units on land that is underutilized and is now available for redevelopment. The bill is relaxing certain requirements to make it easier to

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develop affordable rentals and provides the same incentives that the City provided to developers of for-sale condos in Bill 59. The idea is to relax the requirements, provide incentives, get out of the way, and see what happens.

The key to the bill is to keep the construction costs down to \$225 per square foot. If this happens, then our analysis shows that rents can be at \$1,350 for a one-bedroom unit and \$1,600 for a two-bedroom unit. These rents are lower than what is being quoted at newer affordable housing projects like 801 South Street and Keauhou Lane. If any more burdens or requirements are imposed, then costs go up, and feasibility goes down, as does the likelihood of anything getting built. This is the driving factor behind our recommended changes to the DPP draft. We are trying to keep the costs down so that the probability of these units being built goes up. It's not rocket science. The more requirements you impose, the harder you make it for an owner to build new affordable units.

The bill doesn't impose burdensome paperwork and impose unnecessary requirements. It aims to let the market decide where these units are going to be built and how much to charge for them. The one requirement is that the units be rented to tenants with 100% AMI or less. Given the financial capability of these tenants, the neighborhoods where these units will be located, the limited sizes and amenities of the units, market forces will keep the rents affordable. There is no need to impose rent caps and the onerous paperwork that goes along with it. That would only impose more "humbug" and prevent owners from participating in this program.

The bill is a pilot program for 5 years so the City can assess whether this is a worthwhile approach or not within a short period of time. If it's working, keep it going. If it needs tweaking, then tweak it. If it doesn't work, then scrap it. Remember that 5 years is not a long time given the time it takes to draw up plans, get financing, get a building permit, demolish the existing improvements and build. We're in a crisis. This approach is worth a shot.

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The first step on the housing ladder is rentals. Young people starting out rent first before buying a place. We don't have enough affordable rentals because rentals are the hardest product to build and make money at. Fee simple condo sales are easier to make money at.

So, where are the rentals that many of us started out in? I am 70 years old and the first place I lived in in my 20s was a 1BR rental apartment in Makiki that I paid \$140 per month for. It was in a small 2 story walkup surrounded by many other 2 and 3 story walkups. It's still there.

Why aren't these being built anymore? Simple - the zoning and building codes changed. You can't build these anymore. The density was reduced, the setbacks were increased, and many other restrictions were put on them. Many of the restrictions were part of a "one size fits all" code that treated small buildings the same as tall high-rises, thereby discouraging the smaller ones from being built.

So, the idea for the bill before you today is to make it easier to build these affordable rental units by relaxing some of the zoning and building codes that discouraged their development. This bill would tailor the zoning and building code requirements to smaller buildings and still meet all fire, life safety standards. This would get away from the "one size fits all" mentality that led us to the crisis that we're in now. This bill is aimed ONLY at affordable rentals. It does not apply to for-sale apartments. All units built under this bill must be rented to families in the 100% Area Median Income or less category. Keep that in mind as you consider this bill.

What's the upside of this bill? It's BIG. DPP estimates that in the Apartment district alone, an additional 14,000 to 21,000 units could be built. These are ADDITIONAL units, and this is in the Apartment district alone. DPP did not do an estimate for the Apartment Mixed Use, Business, Business Mixed Use or school districts which will only add thousands more potential new units.

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We are including Business zoned lands because of the changing nature of retail. Just last week, Payless Shoes announced it was closing 2,100 stores nationwide, including 8 in Hawaii. This follows many other retail store closings like Sears, K-Mart and Toys-R-Us. In fact, in 2018, 145 million square feet of retail space closed nationwide. That's 22 times the size of the giant Pentagon. E commerce is the main culprit and it's getting bigger, not smaller, so retailers will continue to close. This bill presents an opportunity for owners of Business zoned land to use their properties for a productive purpose – affordable rentals. Isn't this better than just letting property sit idle and hoping for a retail tenant? We are in a crisis and should look to be innovative in finding and using all available property for affordable housing.

This is just like the announcement last week that the 1132 Bishop office building downtown will be converted from 100% office use to 100% affordable rental housing. That building is located in a Business Mixed Use district but what's the real difference between the Business and Business Mixed Use districts? Not much when you really look at it so why not let affordable rentals be built in Business districts?

Of special interest is including DOE lands. The State DOE is interested in using this bill to develop teacher housing on its excess school lands as a means of helping to recruit new teachers and retain existing teachers. The DOE has submitted testimony in support of our version of the bill which includes DOE lands. DOE states, and I quote,

“From year to year, the DOE is plagued with both teacher recruitment and, even more critical, teacher retention issues. The number one issue that always comes to the forefront is affordable housing. This bill would provide an avenue for the development of affordable housing that our teachers could utilize.” [Emphasis added]

Anecdotally, we have heard that a typical situation involves dilapidated properties being held by third generation owners whose grandparents built multi-family

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buildings in the 1950s and 1960s. These building were handed down to their children and then to their grandchildren. Today, there may be more than 10 grandchildren, and they are stuck because they can't rebuild what they have – the zoning and building codes have changed and don't allow it – and a redevelopment with a smaller building doesn't make sense financially. This bill offers a way out for these families and a way to help with our horrendous housing crisis.

This bill will also help with reducing the "monster home" problem we're facing in residential areas. Those "monster homes" are being built because there is such a high demand for housing. The problem is that they're being built in single family zoned lands. This bill is limited to multi-family zoned lands only – where multi-family buildings should be built.

While some regulations are being relaxed in response to our housing crisis, all critical requirements are being met. All fire, life safety requirements are being met. All federal requirements such as Americans with Disabilities Act (ADA) and Fair Housing Act requirements are being met. Indeed, this bill cannot change any federal requirements since the City has no power to do that.

We have proposed changes to the City's bill and have provided an alternative version to the Planning Commission. We have also provided a comparison chart showing the major differences between our draft and the City's draft. Lastly, we have provided a highlighted version showing the differences in our draft highlighted in yellow for easy reference. We are happy to go over each and every difference if you wish.

Thank you for this opportunity to testify. I am happy to answer any questions.

A handwritten signature in black ink, appearing to read 'Mel Kaneshige', with a stylized flourish at the end.

Mel Kaneshige

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

Provision	DPP Version	Amended Version	Comment
Lease term for tenants	Lease of no less than 6 months with no subleasing. [Sec. 1.10(c)]	Lease can be less than 6 months if rented to Hawaii resident. [Sec. 1.40(c)]	More flexibility for Hawaii residents who may find alternative housing. This prevents Airbnb situation.
Owner Certification re Use as Affordable Rental Housing	Requires expansive, recorded Declaration of Restrictive Covenants. [Sec. 1.10]	Requires annual certification that owner is renting to 100% AMI tenants [Sec. 1.40(d)]	Recorded Declaration of Restrictive Covenants is overkill regulation. Requiring DRC will intimidate and discourage owners from redeveloping. Will be seen as too much paperwork. Simple declaration with penalties for violations is all that is required.
Permitted Use in only in certain Zoning Districts	Permitted in Apartment, Apartment Mixed Use, Business Mixed Use districts. Not permitted in TOD zones. [Sec. 2.20]	Also include Business districts as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted. [Sec. 2.10]	-Retail is changing quickly. Many storefronts are vacant. Use otherwise vacant buildings and lots for badly needed rental housing. -Public schools have a problem retaining teachers because of the high cost of housing. Use otherwise unused school lands to build affordable rental housing for teachers and others. State DOE in support of this initiative.
Conflicts	DPP bill contains no clear language that the provisions of the Affordable Rental Housing bill supersede all conflicting provisions in the LUO and the Building Code.	These development standards and off-street parking and loading requirements shall supersede any conflicting requirements established by the land use ordinance,	This Bill is a response to an emergency situation – we need to build more affordable rental housing in Honolulu. As such, its provisions should override all conflicting requirements in the

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

		including without limitation, those applicable to special districts. All other applicable development standards and off-street parking and loading standards established by the land use ordinance not in conflict with the foregoing will continue to apply. [Sec. 2.10]	LUO and Building Code to jump start development. This language is necessary to make it clear that the provisions of this Bill supersede all conflicting provisions.
Minimum Front Yard	10 feet with 5-foot encroachments for one loading space and fire exit stairs and corridors allowed. [Sec. 2.30]	Different treatment for TOD zones as suggested by TOD staff of DPP. No limit on extent of encroachment for loading spaces or fire exit stairs or corridors. [Sec. 2.20]	Every lot is different. Design flexibility required for loading as well as fire exit stairs and corridors to keep the construction costs down.
Minimum Side and Rear Yards	5 feet. [Sec. 2.30]	5 feet with encroachments allowed for fire exit stairs and corridors. [Sec. 2.20]	Every lot is different. Design flexibility required for loading as well as fire exit stairs and corridors to keep the construction costs down.
Off-street Loading	Minimum of 1 space for garbage pickup and garbage bin storage. [Sec. 2.30]	No required off-street loading but any provided loading and garbage storage must be accommodated on site. [Sec. 2.20]	Let owner decide where any loading and garbage storage, if any, will be located.
Maximum Number of Dwelling Units	None.	Divide maximum floor area by 800 to get maximum number. [Sec. 2.30]. 5,000 sf lot would allow maximum of 25 units. 20,000 sf lot would allow maximum of 100 units.	Impose maximum number of units to limit density of units on a lot and to encourage variety of units (e.g., studios, 1 BR, 2BR etc.)
Maximum Sizes of Dwellings	None.	Limit maximum size of units from	Impose maximum size of units to

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

		500 sf for a studio to 1,350 sf for a 4BR unit.	incentivize affordability (i.e., smaller units translate to lesser rents). The maximum sizes for units disqualify occupancy by wealthy retirees, who desire larger unit sizes and additional amenities.
Condominium Property Regime	Prohibited. [Sec. 1.20]	Prohibited only in TOD Zones. [Sec. 2.90]	CPR is an ownership structure like holding property as tenants in common but with financing and family ownership flexibility. Allows families to split property ownership up among siblings and finance separately. All are required to rent to 100% AMI tenants or live in them so will provide more housing.
Enforcement of CPR Prohibition	Declaration of Restrictive Covenants recorded to enforce against violation of CPR prohibition. [Sec. 1.30]	Same except CPR prohibition only in TOD Zones. [Sec. 2.90]	CPR prohibited only in TOD Zones.
Fire rated Entry Doors	One-hour fire rated entry doors to units with automatic closure mechanisms. [Sec. 3.20(c)(3)]	Twenty-minute fire rated entry doors to units with automatic closure mechanisms. [Sec 3.30(c)(3)]	Fire Code requires 20-minute fire rated entry doors so change made.
Fire rated Door to Booster Pump Room	Two-hour fire rated walls and door in the booster pump room described in Section __- 3.30(d)(5). [Sec. 3.20(c)(7)]	Two-hour fire rated walls and <u>ninety-minute fire rated</u> door in the booster pump room described in Section __- 3.30(d)(5). [Sec 3.30(c)(7)]	Fire Code requires 90-minute fire rated door in this situation so change made.
Fire and Smoke Alarm Systems	None.	Smoke detectors with audio alarms that are electronically powered shall be installed in	Changes to fire and smoke alarm systems required because of modified sprinkler system.

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

		bedrooms and kitchens of low-rise multifamily affordable rental dwellings. An alarm pull box is to be installed on each floor of the building which shall be electronically connected to set off bell alarms on all floors of the building. [Sec 3.30(e)]	
Means of Egress	Exterior corridors and balconies that are open with guards of a minimum one-hour fire rated construction or other noncombustible fascia surfaces may be constructed up to five feet from the property line. [Sec. 3.20(e)]	Exterior corridors and balconies that are open with railings or other fascia surfaces may be constructed up to five feet from the property line. [Sec 3.30(f)]	Plain language
Fire Escape Stairs (Width)	The minimum width for at least one fire exit stair shall be 48 inches and the other fire exit stairs shall be no less than 36 inches in width if no elevator is provided. [Sec 3.20(f)(2)]	The minimum width for at least one fire exit stair shall be 36 inches and the other fire exit stairs shall be no less than 30 inches in width. [Sec. 3.30(g)(2)]	Minimum widths adequate for fire, life safety purposes, as well as to reduce costs of construction to keep rents low.
Fire Escape Stairs (One Exit Stair)	Buildings with 35 units or less and less than three stories in height may have one fire exit stair exiting to the ground floor, provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction; provided further that the total length of the	Buildings with 35 units or less may have one fire exit stair exiting to the ground floor, provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction, shall also have an exit to the roof with a standard-sized door at the roof top exit,	One fire exit with separate roof top exit adequate for smaller buildings for fire, life safety purposes, as well as to reduce costs of construction to keep rents low.

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

	building shall not be greater than 100 feet. [Sec. 3.20(f)(3)]	and shall have a railed-off waiting area on the roof; provided further that the total length of the building shall not be greater than 100 feet. [Sec. 3.30(f)(3)]	
Elevators	Design of building and facilities shall be in conformance with the Fair Housing Act. Elevators shall not be required unless mandated by Section 1007.2.1 of the International Building Code. Sec. 3.20(h))	No elevators shall be required unless required by the Fair Housing Act. [Sec. 3.30(i)]	City's stated purpose is "to accelerate the construction of affordable rental housing . . . by relaxing zoning and building code standards." Elevators are expensive to install. Need to make it clear that elevators are not required except as required by the Fair Housing Act. No need to "backdoor" any requirement for an elevator.
GET Exemption	None.	Requires City to file GET exemption with HHFDC. [Art. 4]	Additional incentive to spur construction.
10-Year Real Property Tax Exemption	-References in DPP Sec. 8.10__ to a Declaration of Restrictive Covenants. -Subsection (d) also requires a certification that rents are at or below the rental rate limits established by HUD for 100% AMI households.	-Delete references in DPP Sec. 8.10__ to a Declaration of Restrictive Covenants since it is not required and replace it with language re the certificate required to be filed by the owner every year pursuant to Sec. 1.10(d). -No rent limits required. The market will decide rents.	-See comments above re owner certification in Section 1.40(d). -Concept behind this bill is to let the market decide what to build and what to charge. The only limits are that the units need to be rented (not sold) and that the tenants need to be 100% AMI and less. The location, size, type of construction, lack of amenities and other factors will dictate rent. This is what is needed to kickstart private enterprise development of these units which do not have a high rate of

COMPARISON CHART – DPP VERSION V. PROPOSED AMENDED VERSION

Real Property Tax Exemption During Construction and Marketing	Same comments as above.	Same comments as above.	return. Same comment as above.
Penalty for Noncompliance	DPP proposes a penalty of 10 times the amount of the real property assessed for the years of noncompliance in Section 1.30(d), but DPP also proposes a penalty of 10% on real property tax exemption amounts in Section 8-10.__(f) for noncompliance.	Use the penalty found in DPP Section 8.10.__(f).	Penalty of 10x the real property tax exemption is draconian. City should recoup lost real property taxes with interest. Remember that housing units will have been built and families housed because of this Bill. Technical violations of this Bill should not result in disproportionate penalties.

A BILL FOR AN ORDINANCE

[YELLOW HIGHLIGHTED SECTIONS SHOW MAJOR CHANGES FROM DPP DRAFT]

RELATING TO AFFORDABLE RENTAL HOUSING

BE IT ORDAINED by the People of the City of the County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to increase the production of affordable rental housing and to encourage dispersal of affordable rental housing throughout the City and County of Honolulu by amending zoning and building code standards and offering financial incentives.

SECTION 2. Findings. For decades, the City and County of Honolulu has grappled with a critical shortage of affordable rental housing. This problem grows worse by the year and threatens to undermine our quality of life and permanently erode the City's social and economic foundations so as to jeopardize its order and security. The Mayor's Affordable Housing Strategy (September 2015) summarized these affordable housing needs and proposed strategic actions relating to policies, incentives, regulations, programs, financial tools, and investments.

The *Affordable Rental Housing Report and Ten-Year Plan* dated July 2018 published by the Special Action Team on Affordable Rental Housing Report pursuant to Act 127 (Session Laws of Hawai'i 2016) stated that " . . . unless the planning, funding, and delivery of affordable rental housing becomes an overarching priority for the legislature, governor, mayors, housing agencies, developers, and public and private funding sources, 70% of Hawai'i's families will soon be excluded from affordable, safe, and sanitary housing – a key component of quality of life that is taken for granted by the top 25% of households in the state."

The *Affordable Rental Housing Report and Ten-Year Plan* went on to state "The Special Action Team understands that the scarcity of safe, sanitary, and affordable rental housing constitutes a crisis for nearly two-thirds of the state's residents. This report urges state and county officials to act on issues that affect the affordability of housing." The Report further stated "Act 127 is unequivocal that the 'lack of supply leads to higher rents for households of all income levels, leaving all tenants with less disposable income, increasing the personal stress of tenants, reducing tenant quality of life, and exacerbating the overcrowded living conditions. Without sufficient affordable rental housing, the future social, community, and economic consequences for Hawai'i may be dire.'"

Act 127 stated "Although many reasons contribute to the lack of affordable rental units for low- and moderate-income households, the primary reason is a poor rate of return for investments in affordable rental housing projects. As the Affordable Rental Housing Study Update, 2014, succinctly states, simply put, affordable rental housing is unprofitable, so the market won't address the need by itself. Government regulations

that restrict affordable housing development and lengthen the time tenants qualify for affordable rental housing also contribute to the lack of affordable rental housing.”

This ordinance recognizes that the cost of land and construction in Honolulu is one of the highest in the country and there are many small parcels which are zoned for multifamily dwellings which have limited development potential due to the high cost of development of affordable rental housing which could be addressed by a comprehensive and concentrated effort to encourage the development of affordable rental housing units. The objective of this ordinance is to encourage the annual development of at least 500 new affordable rental housing units on these small multifamily zoned parcels.

Therefore, it is proposed that there be a new chapter added to the Revised Ordinances of the City and County of Honolulu to specifically address development and construction standards for low-rise multifamily affordable rental housing and other provisions of the Revised Ordinances be amended to provide financial incentives for that purpose.

SECTION 3. The Revised Ordinances of Honolulu 1990 is amended by adding a new chapter to be appropriately designated by the Revisor of Ordinances as Chapter ___ to read as follows:

Chapter __. Affordable Rental Housing

Article 1. General Provisions

Sections:

- __-1.10 Title.**
- __-1.20 Purpose and Intent.**
- __-1.30 Administration.**
- __-1.40 Definitions.**
- __-1.50 Application and Conflicts.**

Section __-1.10 Title.

The provisions of this chapter, inclusive of any amendments, shall be known as the Affordable Rental Housing ordinance of the City and County of Honolulu.

Sec. __-1.20 Purpose and Intent.

The purpose and intent of the affordable rental housing ordinance is to encourage the development of affordable rental housing in low-rise multifamily dwelling unit buildings in the apartment, apartment mixed use, business, business mixed use districts, as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted, to increase the supply of affordable rental housing and reduce the proliferation of excessively large homes in the residential districts.

Sec. __-1.30 Administration.

The director of the department of planning and permitting shall administer the provisions of this Chapter. The director may designate duties established under this Chapter.

Section __-1.40 Definitions.

For the purposes of this chapter, words used in the present tense shall include the future; words used in the singular include the plural, and the plural the singular. The use of any gender shall be applicable to all genders. The word "shall" is mandatory; the word "may" is permissive; the word "land" includes inland bodies of water and marshes.

Where a proposed use is not specifically listed in this chapter or included in a definition in this article, the director will review the proposed use and, based upon the characteristics of the use, determine which listed and/or defined use is equivalent to that proposed.

Unless otherwise expressly stated, whenever used in this chapter, the following terms shall have the meanings set forth below.

"Affordable rental housing" means a building or buildings containing multi-family dwelling units that meets the following criteria:

- (a) At least 80 percent of the total number of dwelling units are rented to households earning 100 percent and below of the median income, as determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size;
- (b) No more than 20 percent of the dwelling units are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s). For purposes of this section, "designated authorized representative(s)" means the person or persons designated by the property owner or owners to the department of planning and permitting, who are responsible for managing the property.
- (c) Households in affordable rental housing units must have a lease with a term of no less than six months with a prohibition against subleasing; provided, however, that a lease may have a term of less than six months if the tenant is a Hawaii resident as certified by the landlord.
- (d) The owner of affordable rental housing shall file an annual certification with the director on a form provided by the department affirming that at least 80 percent of the total number of dwelling units in the affordable rental housing are affordable rental housing units and no more than 20

percent are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s).

"Affordable rental housing unit" means each dwelling unit in an affordable rental housing building or buildings that meets the criteria that qualifies the building or building as "affordable rental housing."

"Area Median Income" or "AMI" means the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size.

"Department" means the department of planning and permitting.

"Director" means the director of the department of planning and permitting."

"Bathroom" means a room that is equipped for taking a bath or shower and that includes a sink and toilet. A 0.5 bathroom means a room that is equipped with a sink and toilet, but without a bath or shower."

Sec. __-1.50 Application and Conflicts.

Unless otherwise specifically noted herein, all requirements, standards, and processes under Chapters 21, 21A, 22, 23, and 25, Revised Ordinances of Honolulu, shall apply, including definitions, standards, procedures, and permit requirements, appeals, and variances. Where there appears to be a conflict across applicable provisions, the provisions of this Chapter shall prevail.

Article 2. Permitted Use, Development and Other Standards

Sections:

- __-2.10 Permitted Use.**
- __-2.20 Development Standards.**
- __-2.30 Maximum Number of Dwelling Units.**
- __-2.40 Parking.**
- __-2.50 Maximum Sizes of Dwellings.**
- __-2.60 Examples of Maximum Building Area and Yards. [Figure __-2.60]**
- __-2.70 Examples of Maximum Building Height. [Figure __-2.70]**
- __-2.80 Bicycle Parking.**
- __-2.90 Prohibition Against Condominium Property Regime in TOD Zones.**
- __-2.100 Expedited Processing.**

Section __2.10 Permitted Use.

Affordable rental housing shall be a permitted use in the apartment, apartment mixed use, business, and business mixed use zoning districts, as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted.

Section _-2.20 Development Standards.

Affordable rental housing is subject to the following development standards and off-street parking and loading requirements:

Development Standard	Requirement
Maximum lot area	20,000 sq. ft.
Minimum front yard	10 ft. except in TOD zones where no front yard is required and at least two-thirds of the total length of the building façade along the street shall be devoted to residential or commercial (non-parking) use. Fire exit stairs and corridors leading to the fire exit stairs, as well as any loading spaces, may also encroach into the front yard.
Minimum side and rear yards	5 ft. except that fire exit stairs and corridors leading to the fire exit stairs may encroach into the side and rear yards.
Maximum building area	80% of the zoning lot
Maximum building height	60 ft.
Maximum density	4.0 FAR
Height setbacks	None
Off-street parking	None
Off-street loading	None, except that any loading and garbage storage shall be accommodated on site.

(See Figures _-2.60 and _-2.70 for examples).

These development standards and off-street parking and loading requirements shall supersede any conflicting requirements established by the land use ordinance, including without limitation, those applicable to special districts. All other applicable development standards and off-street parking and loading standards established by the land use ordinance not in conflict with the foregoing will continue to apply.

Section _-2.30 Maximum Number of Dwelling Units.

The maximum number of affordable rental housing units for each zoning lot is determined by dividing the square footage equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800, and rounding down to the nearest whole number.

Section _-2.40 Parking.

Parking, if any, may extend into the side and rear yards, provided a solid wall of at least four feet but no more than six feet in height is built along the property boundary where the parking extends into the side and rear yards.

Section _-2.50 Maximum Sizes of Dwellings.

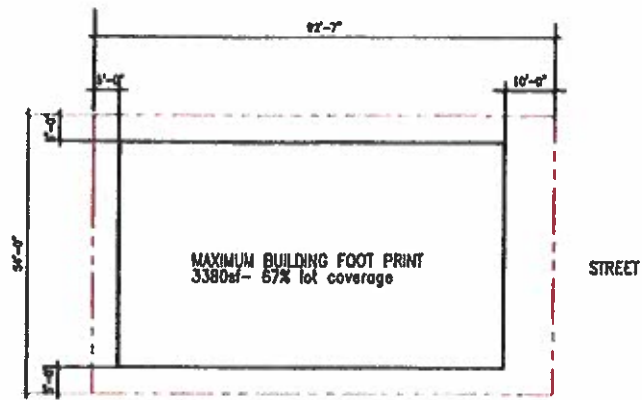
The maximum size of an affordable rental housing unit is as follows:

Number of Bedrooms and Bathrooms	Maximum Floor Area (square feet)
Studio with 1 bathroom	500
One bedroom with 1 bathroom	650
One bedroom with 1.5 bathrooms	700
One bedroom with 2 bathrooms	750
Two bedrooms with 1 bathroom	800
Two bedrooms with 1.5 bathrooms	900
Two bedrooms with 2 bathrooms	1,000
Three bedrooms with 1.5 bathroom	1,100
Three bedrooms with 2 bathrooms	1,200
Three bedrooms with 2.5 bathrooms	1,250
Four bedrooms with 2 bathrooms	1,300
Four bedrooms with 2.5 bathrooms	1,350

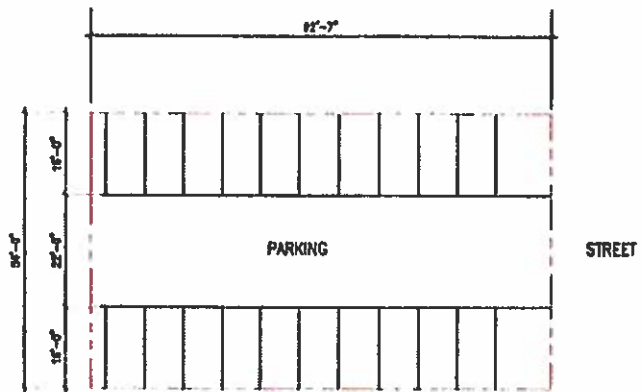
Section _-2.60 Examples of Maximum Building Area and Yards.

The following illustrate possible configurations of maximum building area and required yards. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

Figure _-2.60
5,000 SQUARE FOOT LOT

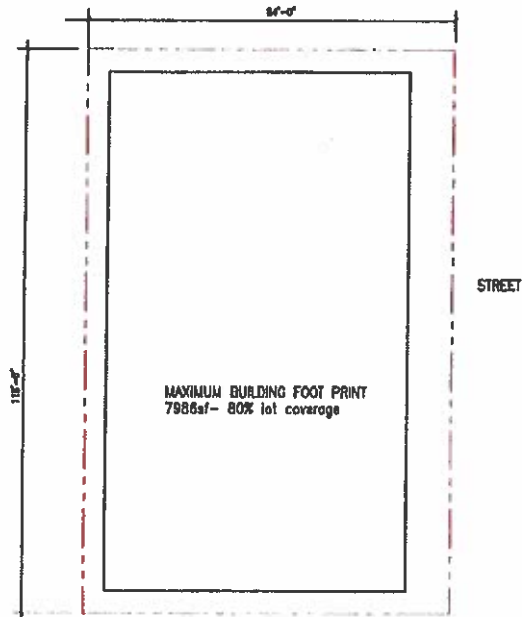


PLOT PLAN

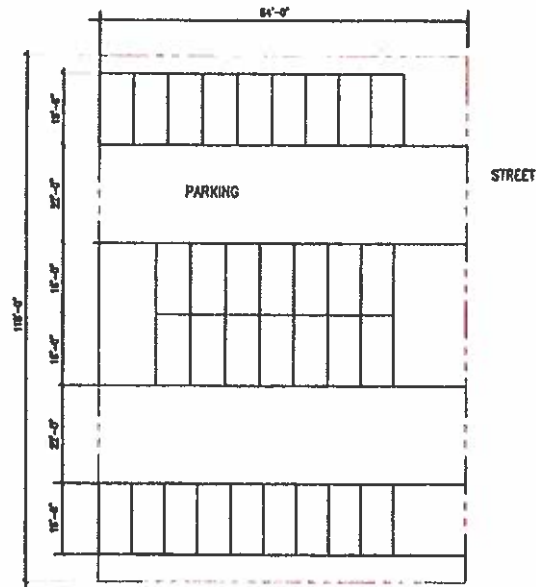


PLOT PLAN
5000 SF LOT

Figure _-2.60
10,000 SQUARE FOOT LOT

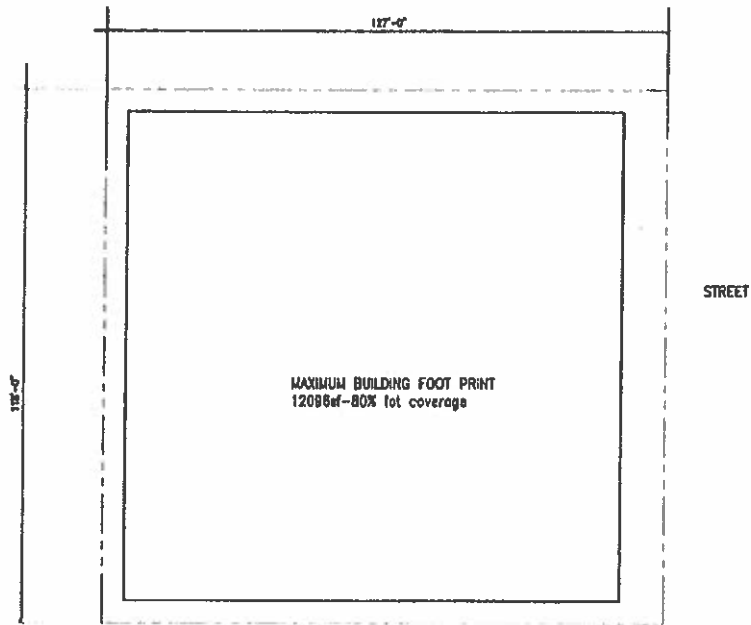


PLOT PLAN
10,000 SF LOT

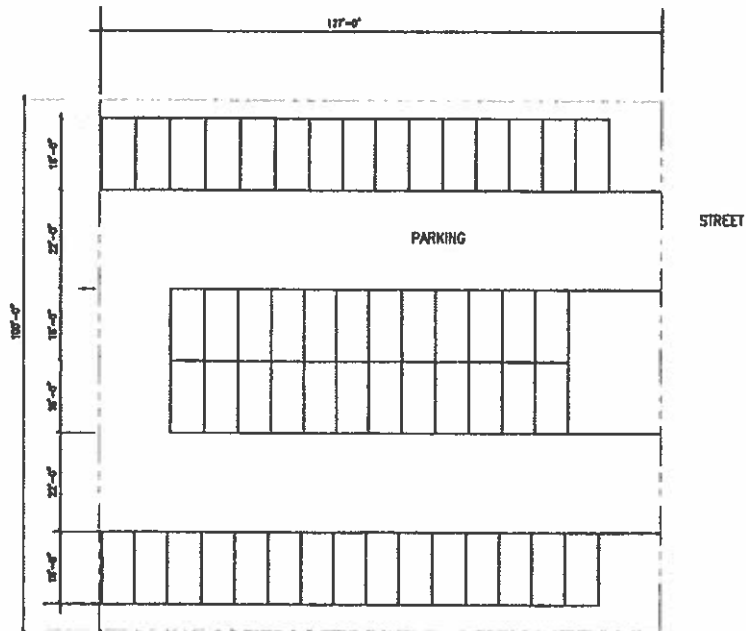


PLOT PLAN
10,000 SF LOT

Figure -2.60
15,000 SQUARE FOOT LOT

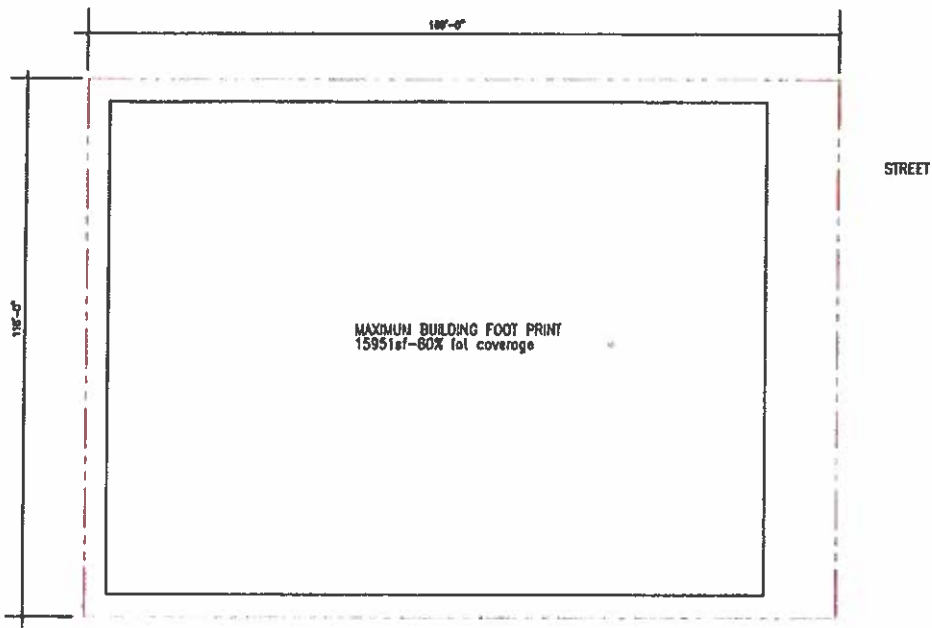


PLOT PLAN
15,000 SF LOT

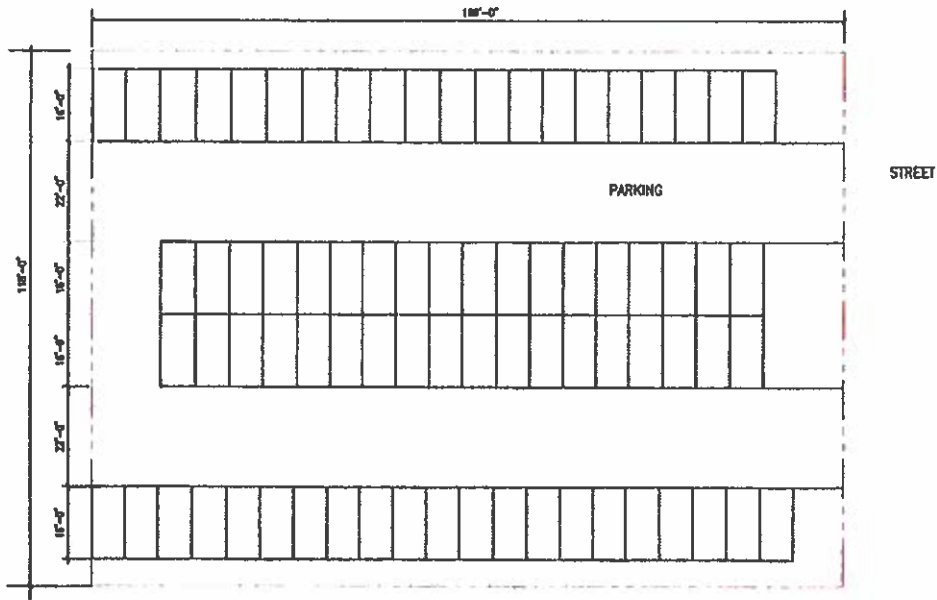


PLOT PLAN
15,000 SF LOT

Figure _2.60
20,000 SQUARE FOOT LOT



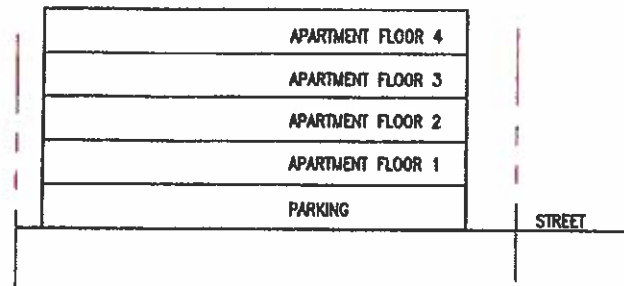
PLOT PLAN
20,000 SF LOT



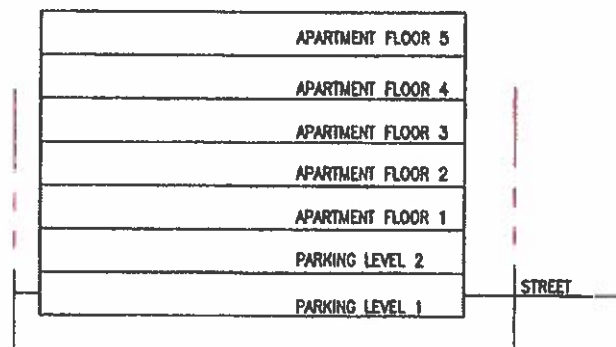
PLOT PLAN
20,000 SF LOT

Section _-2.70 Examples of Maximum Building Height.

Figure _-2.70



SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING

Section _-2.80 Bicycle Parking.

Section 21-6.150, ROH, regarding bicycle parking, shall not apply but, if bicycle parking is provided, it may encroach into any required yards.

Section _-2.90 Prohibition Against Condominium Property Regime in TOD Zones.

The owner or owners of the lot on which affordable rental housing is built pursuant to this chapter and which is located in a TOD Zone (as defined in Section 21-9.100, ROH) shall record in the bureau of conveyances of the State of Hawaii, or if the lot is subject to land court registration under HRS Chapter 501, in the land court, a covenant that neither the owner or owners, nor the heirs, successors or assigns of the owner or owners, shall submit the lot or any portion thereof to the condominium property

regime established by HRS Chapter 514B, as amended or replaced. The covenant must be recorded on a form approved by or provided by the director and may contain such terms as the director deems necessary to ensure its enforceability. The failure of an owner or of an owner's heir, successor or assign to abide by such a covenant will be deemed a violation of Chapter ___ and be grounds for enforcement of the covenant by the director pursuant to Section ___ - ___, et seq., and will be grounds for an action by the director to require the owner or owners to remove, pursuant to HRS Section 514B-47, the property from a submission of the lot or any portion thereof to the condominium property regime made in violation of the covenant.

Section _-2.100 Expedited Processing.

Upon acceptance of a completed application for a building permit application to construct affordable rental housing the department of planning and permitting must either approve or disapprove the application within 90 calendar days. Failure on the part of the department to approve or disapprove within 90 days shall constitute approval of the application.

Article 3. Building Construction Standards

Sections:

- _ -3.10 Intent**
- _ -3.20 Scope**
- _ -3.30 Standards**

Section _-3.10 Intent.

The intent of this article is to provide special construction requirements for the construction of affordable rental housing as permitted in this chapter.

Section _-3.20 Scope.

In addition to the requirements of the building and housing codes, the provisions of this article shall apply to the construction of affordable rental housing. Where there is a conflict between the provisions of this article and the provisions of the building and housing codes, Chapters 16 and 27, the provisions of this article shall prevail. The requirements set forth herein are minimum requirements. All other provisions of the building and housing codes shall apply.

Section _-3.30 Standards.

- (a) **Building Heights and Areas.** The height permitted by Table _A shall be increased in accordance with Section 504 of the building code. The area of a one-story building shall not exceed the limits set forth in Table _A, except as provided in Section 506 of the building code.

TABLE _A

TYPE OF CONSTRUCTION	ALLOWABLE HEIGHT AND BUILDING AREAS FOR MID-RISE MULTI-FAMILY RESIDENTIAL BUILDINGS.				
	Height Limitations shown as stories and feet above grade plane. Area limitations as determined by the definition of "Area, building," per story				
	IB	IIA	IIIA	HT	VA
	MAXIMUM HEIGHT (feet)				
Height/Area	Maximum Height (stories) and Maximum Area (sq. ft.)				
H	7	7	7	7	5
A	80% of land area	80% of land area	80% of land area	80% of land area	80% of land area

(b) **Type of Construction.**

Types of Construction. The minimum type of construction shall be in accordance to Chapter 6 of the building code and Table A.

(c) **Fire-Resistance Rated Construction and Requirements.**

- (1) Where an exterior wall is less than 10 feet from the property line, one-hour fire rated exterior walls with no greater than 25% openings per wall surface; provided further that the windows in the openings may be unrated.
- (2) One-hour fire rated corridor walls for double loaded corridors and demising walls between units.
- (3) **Twenty-minute** fire rated entry doors to units with automatic closure mechanisms.
- (4) Unrated fire interior walls within each dwelling unit.
- (5) One-hour fire rated floors and roof or Heavy Timber.
- (6) Two-hour fire rated walls between units and building stairs or passenger elevators.
- (7) Two-hour rated walls and **ninety-minute** fire rated door in the booster pump room described in Section 3.30(d)(5).
- (8) All domestic water and fire sprinkler piping shall be made of non-combustible material.

(d) **Fire Protection System.**

The installation of automatic sprinkler systems for protection against fire hazards shall be designed and installed in accordance with Section 903 of the building code, or for residential occupancies up to and including seven stories in height in buildings not exceeding 60 feet in height above grade an automatic sprinkler system shall be provided as follows:

- (1) A common sprinkler/domestic main shall installed throughout the building.

- (2) Vertical risers shall be provided with a secured shutoff valve locked in the open position. All required outages shall be provided with a fire watch.
- (3) All sprinkler heads shall be installed prior to the last plumbing fixture served within the unit. All sprinkler piping serving a sprinkler head shall be kept to a minimum and no greater than 16" in length.
- (4) The discharge density shall be 0.05 gpm/sf with a maximum of four sprinkler heads within a compartment.
- (5) A booster pump shall be provided to accommodate the domestic water and greatest hydraulic demanding sprinklers within a unit. The booster pump shall provide a minimum of 40 psi at the top of the riser.
- (6) A manual wet stand pipe shall be pre-charged from a domestic water supply tap. The stand pipe shall be located in an exterior open stairwell with two-hour rated walls.
- (7) For exterior walls that are between five and ten feet from the property line with greater than a 10% wall opening, there must be a sprinkler head at all wall openings to provide a water curtain when the sprinkler head is activated.
- (8) For buildings over 40 feet in height with Type VA construction, an NFPA 13 sprinkler system shall be required.
- (9) A mechanical engineer licensed in the State of Hawaii shall prepare the plans for the automatic sprinkler system required by this section.

(e) **Fire and smoke alarm systems.**

Smoke detectors with audio alarms that are electronically powered shall be installed in bedrooms and kitchens of low-rise multifamily affordable rental dwellings. An alarm pull box is to be installed on each floor of the building which shall be electronically connected to set off bell alarms on all floors of the building.

(f) **Means of Egress.**

Exterior corridors and balconies that are open with railings or other fascia surfaces may be constructed up to five feet from the property line.

(g) **Fire Escape Stairs.**

- (1) All fire stair exits may be open provided that the walls adjoining any residential unit are two-hour fire rated walls.
- (2) The minimum width for at least one fire exit stair shall be 36 inches and the other fire exit stairs shall be no less than 30 inches in width.
- (3) Buildings with 35 units or less may have one fire exit stair exiting to the ground floor, provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction, shall also have an exit to the roof with a standard-sized door at the roof top exit, and shall have a railed-off waiting area on the roof; provided further that the total length of the building shall not be greater than 100 feet.

- (4) Alternative fire exits in lieu of a second fire exit stair, including a drop ladder system and smaller sized stairs, may be approved by the Fire Chief.
- (h) **Exterior Glass.**
Exterior glass in affordable rental housing shall be exempt from the requirements of the Building Energy Conservation Code, Chapter 32, ROH.
- (i) **Accessibility.**
No elevators shall be required unless required by the Fair Housing Act.

Article 4. Exemption from General Excise Taxes

Sections:

- _4.10 Intent**
- _4.20 Application**

Section _4.10 Intent.

The intent of this article is to provide an additional incentive to spur the construction of affordable rental housing as permitted in this Chapter.

Section _4.20 Application.

A developer of affordable rental housing may file with the department an application for an exemption from State of Hawaii general excise taxes under the provisions of Section 201H-38, Hawaii Revised Statutes, and the department shall file the application with the Hawaii Housing Finance and Development Corporation to obtain the State of Hawaii general excise tax exemption.

Article 5. Incentives

Sections:

- _5.10 Exemption from Real Property Taxes**
- _5.20 Waiver of Wastewater System Facility Charges**
- _5.30 Waiver of Plan Review and Building Permit Fees**
- _5.40 Waiver of Park Dedication Requirement**

Section _5.10 Exemption from Real Property Taxes

Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding new sections to be designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-10.____ Exemption – Qualifying affordable rental housing.

- (a) For the purposes of this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter __, ROH.

"Affordable rental housing unit" shall have the same meaning as defined and permitted under Chapter __, ROH.

"Area Median Income" or "AMI" shall mean the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area as adjusted for household size.

"Regulated period" means the ten-year period commencing upon the effective date of the claim for exemption approved by the director and ending on June 30th of the last year of the ten-year period.

- (b) Real property improved with affordable rental housing may qualify for an exemption under this section. The director's approval of a claim for exemption will exempt real property from real property taxes during the regulated period. The exemption amount is calculated by multiplying the total assessed value of the real property by a fraction, the numerator of which is the number of square feet contained in all affordable rental housing units rented to households earning 80 percent and below of the median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size, and the denominator of which shall be the total number of square feet of all dwelling units in the real property.**
- (c) Real property determined by the director to be exempt as described in subsection (b) above will be exempt from property taxes for the duration of the regulated period. If the project fails to meet the requirements under this section at any time during the regulated period, the exemption will be canceled, and the real property will be subject to taxes and penalties pursuant to subsection (g)(3) below.**
- (d) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under subsection (b) above will be exempt from property taxes effective as of the date the application is filed with the director; provided that the initial application for an exemption must be filed with the director within 60 days after any certificate of occupancy is issued for the real property by the department of planning and permitting. In the event property taxes have been paid in advance to the city for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the effective date of the exemption. Where a claim for exemption is filed more than 60 days after any certificate of occupancy has been issued but on or before September 30, the**

effective date of an exemption approved by the director shall be July 1 of the succeeding tax year.

- (e) After the initial year for which the real property has qualified for an exemption, a claim for a continued exemption must be filed annually on or before September 30th, together with a certification from the applicant certifying that the project continues to be in compliance with the applicable requirements of Chapter ____.
- (f) The director may, after 30-days written notice to the owner of the affordable rental housing, audit the records of the real property exempt from taxes under this section. An owner's refusal or failure to cooperate and produce all records requested by the director may result in cancellation of the exemption and subject the real property to the taxes and penalties determined in subsection (g)(3) below.
- (g) **Cancellation of Exemption-Penalties.**
 - (1) **Notice by Director.**

Following the initial year for which real property has qualified for an exemption under this section, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless a claim for continued exemption and all the necessary documents are received by the director by November 15th of the same year, the exemption will be canceled.
 - (2) **Cancellation of Exemption.**
 - (A) An owner who has been sent a notice under subdivision (1) by the director and who fails to file for an exemption by the November 15th deadline will have the exemption canceled and the project will be subject to taxes and penalties pursuant to subdivision (3).
 - (B) In the event the director finds that the initial or a subsequent claim for exemption contains false or fraudulent information, the project fails to meet the requirements during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the effective date of the application which contains false or fraudulent information, the date the project fails to meet the requirements during the regulated period, or the date upon which the last application approved by the director shall expire, and the project will be subject to the taxes and penalties determined in subdivision (3).
 - (3) **Back Taxes and Penalties.**

In the event a project is subject to taxes and penalties, as provided in subdivision (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed are

payable, together with a penalty in the form of interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property. In the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a late filing penalty of \$500 will be imposed.

- (h) If an exemption is granted under this section, an exemption for the same property may not be granted under any other section."

Sec. 8-10. __ Exemption – During construction work for and marketing of affordable rental housing

- (a) As used in this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter __.

"Qualifying construction work" means work to construct affordable rental housing.

- (b) Any incremental increase in the valuation of the real property primarily attributable to qualifying construction work will be exempt from property taxes.
- (c) A claim for exemption must be filed with the director on or before September 30th preceding the first tax year for which the exemption is claimed on a form as may be prescribed by the department, and must be supported by documentation establishing the date of the issuance of the building permit for demolition, if applicable, or the building permit for new buildings or portions thereof, additions, or substantial rehabilitations.
- (d) The claim for exemption, once allowed, shall expire:
 - (1) two calendar years after issuance of a building permit for a new building;
 - (2) upon issuance of a certificate of completion; or
 - (3) upon issuance of any certificate of occupancy;whichever occurs first. The director may extend this exemption for good cause."

Section _5.20 Waiver of Wastewater System Facility Charges

APPENDIX 14-D under Section 14-10, Revised Ordinances of Honolulu 1990, is amended to read as follows:

- (a) Wastewater system facility charges, as set forth in Appendix 14-D of this chapter will be waived for the following:

- (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
- (2) Affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-10. or an interim planned development-transit permit pursuant to Section 21-9.100-5; ~~or~~
- (3) Affordable rental dwelling units developed in compliance with HRS Section 201H-36(a)(5); ~~or~~
- (4) Affordable rental housing as defined in Chapter ____.

Section 5.30 Waiver of Plan Review and Building Permit Fees

Section 18-6.5, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec.18-6.5 Exemptions.

- (a) The city, all agencies thereof and contractors therewith will be exempt from the requirement of paying plan review and permit fees.
- (b) The building official may grant an exemption from the requirement of paying plan review and permit fees for any person seeking to restore or reconstruct a structure damaged or destroyed as a result of a major disaster. For the purposes of this section:
 - (1) "Major Disaster" means any hurricane, tornado, storm, flood, high water, tsunami, earthquake, volcanic eruption, landslide, mud slide, fire, explosion or other catastrophe occurring in any part of the city that causes damage, suffering, and loss to such a degree that:
 - (A) The President of the United States has declared, pursuant to the Disaster Relief Act of 1974, P.L. 93- 288, that a major disaster exists such that the city or any part thereof is eligible for federal disaster assistance programs;
 - (B) The governor of the State of Hawaii has declared pursuant to HRS Chapter 209 that a major disaster has occurred;
 - (C) The mayor has issued a proclamation declaring the existence of a major disaster; or
 - (D) The council has adopted a resolution declaring the existence of

a major disaster.

- (2) "Restore and reconstruct" means any repair or other work performed to return a structure to its former condition that does not increase the floor area of the structure beyond that of the structure prior to the major disaster, is in conformance with the building code, flood hazard regulations, land use ordinance, and other applicable laws, and is started within two years of the major disaster.
 - (3) The burden of proof that work to be performed qualifies for an exemption from the payment of building permit fees due to a major disaster will be on the owner of the structure. An applicant filing for such exemption must certify in writing that the work to be performed will be in conformance with the requirements of this section.
- (c) All owners and their contractors will be exempt from paying that portion of any building permit fee for permits issued after September 15, 1994 attributable to the installation of ultra-low flush toilets that they install on their properties to replace existing non-ultra-low flush toilets.
- (d) The building official shall waive the collection of any building permit fee for a period of three years where the business has been certified to be a qualified business pursuant to Section 35-1.3.
- (e) The building official shall waive the collection of any building permit fee for any person seeking to replace a dilapidated dwelling unit located on homestead land leased under the Hawaiian Homes Commission Act of 1920. For the purposes of this section:
 - (1) "Dilapidated dwelling unit" means any residential home that has significantly deteriorated because of age, termites, or other causes, which make the home unsafe, uninhabitable, or unhealthy.
 - (2) The burden of proof that a dwelling unit is dilapidated and qualifies for an exemption from the payment of building permit fees will be on the owner of the unit. An applicant filing for such exemption shall attach acceptable proof that the dwelling unit is dilapidated to the building permit application.
 - (3) The replacement home may increase the floor area of the originally demolished or removed structure.
- (f) The building official shall waive the collection of any plan review and building permit fees exclusively for the creation of an "accessory dwelling unit," as defined in Section 21-10.1. The plan review and building permit fees that were collected for the creation of "accessory dwelling units" after September 14, 2015 will be reimbursed if requested by the permittee. Building permit fees and plan review

fees will not be waived where a permit was required and work started or proceeded without obtaining a permit. In these cases, fees will be required pursuant to Section 18-6.2(d).

- (g) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project equal to:
 - (1) The percentage of affordable dwelling units as defined in and as provided within the project pursuant to Chapter __: or
 - (2) The percentage of affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-1O. or an interim planned development-transit permit pursuant to Section 21-9.100-5.
- (h) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project that is in compliance with HRS Section 201H-36(a)(5).
- (i) The building official shall waive the collection of the plan review and building permit fees for affordable rental housing as defined in Chapter __.

Section 5.40 Waiver of Park Dedication Requirement

Section 22-7.3, Revised Ordinances of Honolulu 1990

("Subdivision of Land - Scope"), is amended to read as follows:

"Sec. 22-7.3 Scope.

- (a) Every subdivider, as a condition precedent to the:
 - (1) Approval of a subdivision by the director; or
 - (2) Issuance of a building permit for multiple-family development by the department of planning and permitting:

shall provide land in perpetuity or dedicate land for park and playground purposes, for joint use by the occupants of lots or units in subdivisions as well as by the public. The dedication of land for a park will be subject to the maximum ceiling in land or money in lieu thereof, calculated in accordance with the formula designated in Sections 22-7.5 and 22-7.6. In lieu of providing land in perpetuity or dedicating land, the director may permit a subdivider to pay a fee equal to the value of the land that would otherwise have been required to be provided in perpetuity or dedicated, or combine the payment of a fee with the provision or dedication of land, the total value of such combination being not less than the total value of the land that would otherwise have been required to be provided in perpetuity or dedicated

- (b) This article applies to all subdivision of land into two or more lots for residential purposes, including developments under Section 21-8.30, and to construction of multiple-family developments. When a new building or group of buildings containing dwelling or lodging units is added to an existing multiple-family development, approved prior to October 16, 1976, the provisions of this article will apply only to such new additions, and not to the previously approved multiple-family development.
- (c) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered to increase the number of dwelling or lodging units, the provisions of this article will apply to the number of dwelling or lodging units added to the enlarged or altered building.
- (d) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered without increasing the total number of dwelling or lodging units, and the cost of such work exceeds 50 percent of the total replacement cost of the building at the time of the building permit application, the provisions of this article will apply to the total number of dwelling or lodging units contained in the enlarged or altered building. The 50 percent replacement cost is calculated on each individual building, and not on the total replacement cost of the multiple-family development. The percentage will be cumulative for each building after October 16, 1976. The provisions of this article apply to all new or existing units in an enlarged or altered building whenever the cumulative 50 percent replacement cost is exceeded.
- (e) Upon acceptance of the land by the city, the city shall thereafter assume the cost of improvements and their maintenance. Fees received will be disbursed for the acquisition or development of parks and playgrounds, including physical facilities.
- (f) This article also applies to any change in the use of buildings to multiple-family dwelling use subsequent to October 16, 1976.
- (g) In any zoning district or special district where mixed uses of business, commercial, office, and dwelling units are permitted, the provisions of this article apply to all units where kitchen and bathroom facilities are provided, or electrical and plumbing systems are located and designed so that these units may be readily converted to dwelling units without securing a new building permit or without undertaking any major alterations or renovation work.
- (h) This article does not apply to those units where legal documents are drawn up by the applicant to assure that the units will not be converted to dwelling units. The legal documents must be recorded as covenants running with the land and subject to the review and approval of the director of planning and permitting and

the corporation counsel. The legal documents must be fully executed and recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court, or both, as appropriate, and proof of such recordation must be submitted to the director of planning and permitting prior to the issuance of building permits.

- (i) This article applies to any conversion in use of any existing nondwelling unit to a dwelling unit, and such conversion cannot be undertaken unless the provisions of this article have been met.
- (j) This article also does not apply to the following dwelling units:
 - (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
 - (2) Affordable dwelling units provided pursuant to a planned development transit permit pursuant to Section 21-9.100-10, or an interim planned development-transit permit pursuant to Section 21-9.100-5; ~~or~~
 - (3) Affordable rental dwelling units provided in compliance with HRS Section 201H-36(a)(5)-~~;~~or
 - (4) Affordable rental housing as defined in Chapter ____.

SECTION 4. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the Revisor's authority under ROH Section 1-16.3(b)(6) replace reference numbers to agree with newly numbered chapters or sections.

SECTION 5. This ordinance takes effect upon its approval and will be repealed five years after its effective date. No later than two years prior to the repeal date of this ordinance, the director of planning and permitting shall submit to the City Council a report on the number of additional affordable rental housing units developed under this ordinance, and a recommendation regarding the repeal, modification, or extension of this ordinance. Upon the repeal of this ordinance, any affordable rental housing use and structure developed pursuant to this ordinance shall be considered a nonconforming use and structure, respectively, as provided under Chapter 21-4.110.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20__.

KIRK CALDWELL, Mayor
City and County of Honolulu



A BILL FOR AN ORDINANCE

A BILL FOR AN ORDINANCE

RELATING TO AFFORDABLE RENTAL HOUSING.

BE IT ORDAINED by the People of the City and of the County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to ~~create a temporary program to accelerate the construction~~ increase the production of affordable rental housing on apartment and to encourage dispersal of affordable rental housing throughout the City and business mixed use zoned properties County of Honolulu by ~~relaxing~~ amending zoning and building code standards, and offering financial incentives.

SECTION 2. Findings. For decades, the City and County of Honolulu has grappled with a critical shortage of affordable rental housing. This problem grows worse by the year and threatens to undermine our quality of life and permanently erode the City's social and economic foundations so as to jeopardize its order and security. The Mayor's Affordable Housing Strategy, (September 2015) summarized these affordable housing needs and proposed strategic actions relating to policies, incentives, regulations, programs, financial tools, and investments.

The Affordable Rental Housing Report and Ten-Year Plan ~~(dated July 2018)~~, published by the Special Action Team on Affordable Rental Housing Report pursuant to Act 127 (Session Laws of Hawai'i 2016) stated that, ~~"... unless the planning, funding, and delivery of affordable rental housing becomes an overarching priority for the legislature, governor, mayors, housing agencies, developers, and public and private funding sources, 70% of Hawai'i's families will soon be excluded from affordable, safe, and sanitary housing – a key component of quality of life that is taken for granted by the top 25% of households in the state."~~

The Affordable Rental Housing Report and Ten-Year Plan ~~further states~~ went on to state "The Special Action Team understands that the scarcity of safe, sanitary, and affordable rental housing constitutes a crisis for nearly two-thirds of the state's residents. This report urges state and county officials to act on issues that affect the affordability of housing ~~....~~" The Report further stated "Act 127 is unequivocal that the Jack of supply leads to higher rents for households of all income levels, leaving all tenants with less disposable income, increasing the personal stress of tenants, reducing tenant quality of life, and exacerbating the overcrowded living conditions. Without sufficient affordable rental housing, the future social, community, and economic consequences for Hawai'i may be dire."

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Act 127 states, in part, stated "Although many reasons contribute to the lack of affordable rental housing units for low- and moderate-income households, the primary reason is a poor rate of return for investments in affordable rental housing projects. As the Affordable Rental Housing Study Update, 2014, succinctly states, "Simply simply put, affordable rental housing is unprofitable, so the market won't address the need by itself." Government regulations that restrict affordable housing development and lengthen the time tenants qualify for affordable rental housing also contribute to the lack of affordable rental housing."

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This ordinance recognizes that the cost of land and construction in Honolulu is one of the highest in the country and there are many small parcels that which are in apartment and business mixed use zones that zoned for multifamily dwellings which have limited development potential due to the high cost of development of affordable rental housing. The current affordable housing crisis which could be addressed, in part, by encouraging a comprehensive and concentrated effort to encourage the development of affordable rental housing units. The objective of this ordinance is to encourage the annual development of at least 500 new affordable rental housing units per year on these small multifamily zoned parcels.

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Therefore, it is proposed that there be a new chapter added to the Revised Ordinances of the City and County of Honolulu to specifically address development and construction standards for low-rise multifamily affordable rental housing and other provisions of the Revised Ordinances be amended to provide financial incentives for that purpose.

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SECTION 3. The Revised Ordinances of Honolulu 1990 is amended by adding a new chapter to be appropriately designated by the Revisor of Ordinances as Chapter ____ to read as follows:

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Chapter _____, Affordable Rental Housing Rental

Article 1. General Provisions

Sections:

-Sections:

-1.10- Title.

-1.20 Purpose and Intent.

-1.30 Administration.

-1.40 Definitions.

-1.50 Application and Conflicts.

Section -1.10 Title.



A BILL FOR AN ORDINANCE

The provisions of this chapter, inclusive of any amendments, shall be known as the Affordable Rental Housing ordinance of the City and County of Honolulu.

Sec. 1.20 Prohibition Against Condominium Property Regime

-1.20 Purpose and Intent.

The purpose and intent of the affordable rental housing ordinance is to encourage the development of affordable rental housing in low-rise multifamily dwelling unit buildings in the apartment, apartment mixed use, business, business mixed use districts, as well as in all other zoning districts in which public elementary, intermediate and high schools are permitted, to increase the supply of affordable rental housing and reduce the proliferation of excessively large homes in the residential districts.

Sec. 1.30 Violation Penalty Administration.

The director of the department of planning and permitting shall administer the provisions of this Chapter. The director may designate duties established under this Chapter.

Section - 1.40 - 40 Definitions.

For the purposes of this chapter, words used in the present tense shall include the future; words used in the singular include the plural, and the plural the singular. The use of any gender shall be applicable to all genders. The word "shall" is mandatory; the word "may" is permissive; the word "land" includes inland bodies of water and marshes.

Where a proposed use is not specifically listed in this chapter or included in a definition in this article, the director will review the proposed use and, based upon the characteristics of the use, determine which listed and/or defined use is equivalent to that proposed.

Unless otherwise expressly stated, whenever used in this chapter, the following terms shall have the following meanings: set forth below.

"Affordable rental housing" means a building or buildings containing multi-family dwelling units that meet the following criteria:

- (a) (a) At least 80 percent of the total number of dwelling units are rented to households earning 100 percent and below of the area median income (AMI), as determined by the United States Department of Housing

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A BILL FOR AN ORDINANCE

and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size;

(b) (b) No more than 20 percent of the ~~total dwelling~~ units are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s). ~~For purposes of this section, "designated authorized representative(s)" means the person or persons designated by the property owner or owners to the department of planning and permitting, who are responsible for managing the property.~~

(c) (c) Households in affordable rental housing units must have a lease with a term of no less than six months with a prohibition against subleasing; ~~provided, however, that a lease may have a term of less than six months if the tenant is a Hawaii resident as certified by the landlord.~~

(d) (d) ~~The Declaration of Restrictive Covenants is recorded in the Bureau of Conveyances of the State of Hawaii, if regular system property, and/or the Office of the Assistant Registrar of the Land Court of the State of Hawaii, if registered property, and a copy thereof with recorded information is filed with the DPP prior to issuance of the building permit for the~~ affordable rental housing;

(e) A shall file an annual certification ~~is annually filed with the director of budget and fiscal services using on~~ a form provided by the department ~~of budget and fiscal services, affirming that at least 80 percent of the total number of dwelling units in the affordable rental housing are affordable rental housing units and no more than 20 percent are occupied by the property owner(s) or owners or persons who are related by blood, marriage, or adoption to the property owner(s) or owners, or designated authorized representative(s).~~

"Affordable Rental Housing Unit" shall mean any rental housing unit" means each dwelling unit in an Affordable Rental Housing affordable rental housing building or buildings that meets the criteria that qualifies the building or building as "affordable rental housing."

"Area median income Median Income" or "AMI" refers ~~to means~~ the current AMI area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as Area, adjusted for household size.

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"Declaration of Restrictive Covenants" means the declaration of covenants, conditions and restrictions in a form approved by the director of budget and fiscal services and signed by the fee owner or owners of the land (including its improvements) on which affordable rental housing is built, and that is recorded in the Bureau of Conveyances of the State of Hawai'i, if regular system property, or the Office of the Assistant Registrar of the Land Court of the State of Hawai'i, if the land is registered under Hawaii Revised Statutes (HRS) Chapter 501. The Declaration of Restrictive Covenants shall run with the land or as long as the affordable rental housing improvements are standing, and shall give notice to all subsequent owners, grantees, successors, assignees, mortgagees, lienors, and any other person who claims an interest in the real property, that:

- (a) the land and the improvements on the land are subject to the affordable rental housing requirements of this Chapter;
 - (b) the land may qualify for real property tax exemption for affordable rental housing under Section 8-10.20, ROH, if rented to households earning at or below 80% AMI during the real property tax exemption period;
 - (c) mixed use projects are not permitted;
 - (d) the land or any portion thereof shall not be submitted to a condominium property regime pursuant to HRS Chapter 514B, as amended or replaced; and
 - (e) violations of the restrictive covenants are subject to the enforcement provisions of Chapters 8 and 21, ROH, and, applicable statutory penalties and rollback taxes.
- "Department" means the department of planning and permitting.

"Director" means the director of.

Section 1.20. Prohibition Against Condominium Property Regime. The lot on which affordable rental housing is built shall not be submitted to a condominium property regime pursuant to HRS Chapter 514B, as amended or replaced.

Section 1.30. Violation Penalty.

- (a) The owner or owners of the lot on which affordable rental housing is built shall record the Declaration of Restrictive Covenants to encumber the land (and its improvements) on which the affordable rental housing is built.

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- (b) The failure of an owner or of an owner's heir, successor or assign to abide by such Declaration of Restrictive Covenants or the terms of this ordinance shall be deemed a violation of Chapter 21, RCH, and shall be grounds for enforcement by the director pursuant to Section 21-150, et seq. The director shall have the right to require the owner or owners, or the heirs, successors or assigns of the owner or owners, to comply with the terms of this ordinance and the Declaration of Restrictive Covenants.
- (c) From time to time, or upon receipt of a complaint, the department of budget and fiscal services may conduct an audit of affordable rental housing projects to determine compliance with the definition of affordable rental housing.
- (d) Penalty. If the use is abandoned or does not comply with these regulations at any time during the life of the building, the penalty shall be ten (10) times the amount of the real property assessed for the years of noncompliance.

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Article 2—Permitted Uses, Development and Other Standards

- Section: 2.10. General Provisions;
Section: 2.20. Permitted Uses;
Section: 2.30. Development Standards;
Section: 2.40. Parking;
Section: 2.50. Bicycle Parking;
Section: 2.60. Examples of Maximum Building Area and Yards. [Figure 2.60]
Section: 2.70. Examples of Building Height. [Figure 2.70]
Section: 2.80. Abandonment of Use;

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- Section: 2.10. General Provisions;

(a) The director of the department of planning and permitting shall administer this Article. The director may designate duties established under this Article.

(b) "Bathroom" means a room that is equipped for taking a bath or shower and that includes a sink and toilet. A 0.5 bathroom means a room that is equipped with a sink and toilet, but without a bath or shower."

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Sec. 1.50 Application and Conflicts.

Unless otherwise specifically noted herein, all provisions of requirements, standards, and processes under Chapters 21, 21A, and 22, 23, and 25, Revised Ordinances of Honolulu, shall apply, including definitions, standards, procedures, and



A BILL FOR AN ORDINANCE

permit requirements, appeals, and variances. Where there is appears to be a conflict between across applicable provisions, the provisions of this article Chapter shall prevail.

Section 2.20.

Article 2. Permitted Use, Development and Other Standards

Sections:

-2.10 Permitted Use.

-2.20 Development Standards.

-2.30 Maximum Number of Dwelling Units.

-2.40 Parking.

-2.50 Maximum Sizes of Dwellings.

-2.60 Examples of Maximum Building Area and Yards. [Figure -2.60]

-2.70 Examples of Maximum Building Height. [Figure -2.70]

-2.80 Bicycle Parking.

-2.90 Prohibition Against Condominium Property Regime in TOD Zones.

-2.100 Expedited Processing.

Section 2.10 Permitted Use.

Affordable rental housing shall be a permitted use in the following zoning districts: apartment, apartment mixed use, and business, and business mixed use zoning districts, as well as in all other zoning districts, except that it is not permitted in transit oriented development special districts, as defined and adopted under Chapter 21-100, R.O.H. in which public elementary, intermediate and high schools are permitted.

Section 2.20 Development Standards.

Affordable rental housing is subject to the following development standards and off-street parking and loading requirements:

Development Standard	Requirement
Maximum lot area	20,000 square feetsq. ft.
Minimum front yard	40 feet10 ft. except in TOD zones where no front yard is required and at least two-thirds of the total length of the building façade along the street shall be devoted to residential or commercial (non-parking) use. Fire exit stairs and corridors leading to the fire exit stairs, as well as any loading spaces, may also encroach into the front yard.
Minimum side and rear	6 feet5 ft. except that fire exit stairs and corridors



A BILL FOR AN ORDINANCE

yards	leading to the fire exit stairs may encroach into the side and rear yards.
Maximum building area	80% of the zoning lot
Maximum building height	60 feet
Maximum density	4.0 FAR
Height setbacks	None
Off-street parking	None
Bicycle parking	None
Off-street loading	A minimum of one space, to accommodate garbage pickupNone, except that any loading and garbage bin storage shall be accommodated on site.
Yard encroachments	Parking, including bicycle parking, is allowed in side and rear yards. One loading space may encroach no more than 5 feet into the front yard. Required fire exit stairwells and fire corridors may encroach into the front yard by no more than 5 feet.

(See Figures -2.60 and -2.70 for examples-)).

These development standards and off-street parking and loading requirements shall supersede any conflicting requirements established by the land use ordinance, including without limitation, those applicable to special districts. All other applicable development standards and off-street parking and loading standards established by the land use ordinance not in conflict with the foregoing will continue to apply.

Section -2.30 Maximum Number of Dwelling Units.

The maximum number of affordable rental housing units for each zoning lot is determined by dividing the square footage equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800, and rounding down to the nearest whole number.

Section -2.40 Parking.

Parking, including bicycle parking if any, may extend into the side and rear yards, provided a solid wall of at least four feet but no more than six feet in height is built along the property boundary where the parking extends into the side and rear yards.

Section -2.50 Bicycle Parking Maximum Sizes of Dwellings.

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Section 21-6-150, ROH, regarding bicycle parking, shall not apply, but if provided, bicycle parking may encroach into required yards.

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The maximum size of an affordable rental housing unit is as follows:

Number of Bedrooms and Bathrooms	Maximum Floor Area (square feet)
Studio with 1 bathroom	500
One bedroom with 1 bathroom	650
One bedroom with 1.5 bathrooms	700
One bedroom with 2 bathrooms	750
Two bedrooms with 1 bathroom	800
Two bedrooms with 1.5 bathrooms	900
Two bedrooms with 2 bathrooms	1,000
Three bedrooms with 1.5 bathroom	1,100
Three bedrooms with 2 bathrooms	1,200
Three bedrooms with 2.5 bathrooms	1,250
Four bedrooms with 2 bathrooms	1,300
Four bedrooms with 2.5 bathrooms	1,350

Section -2.60- Examples of Maximum Building Area and Yards.

The following illustrate possible configurations of maximum building area and required yards. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

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Figure -2.60
5,000 SQUARE FOOT LOT

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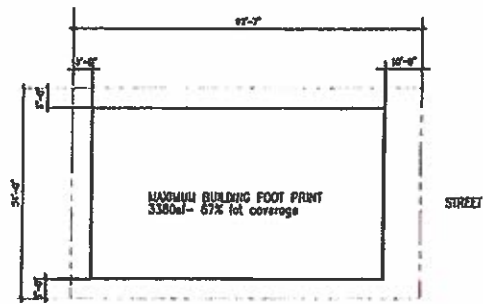
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HONOLULU, HAWAII

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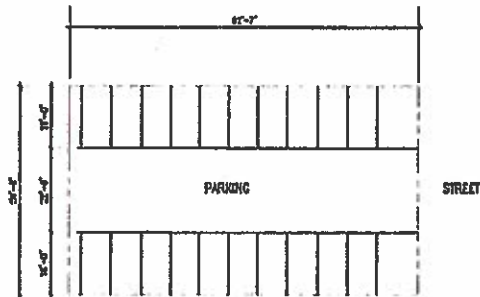
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5000 SF LOT

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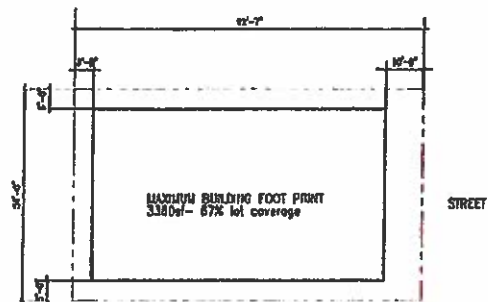
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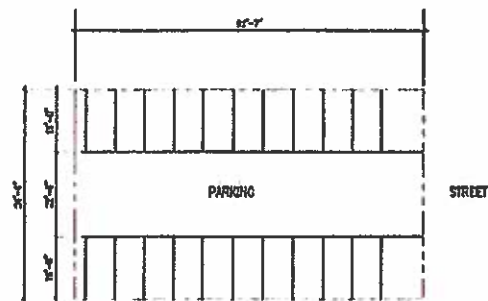
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PLOT PLAN



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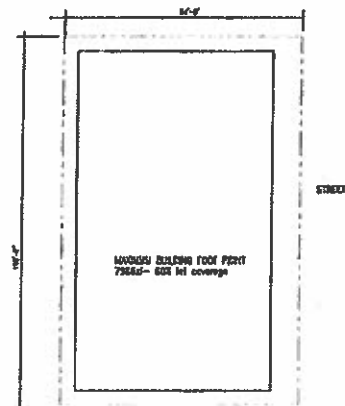
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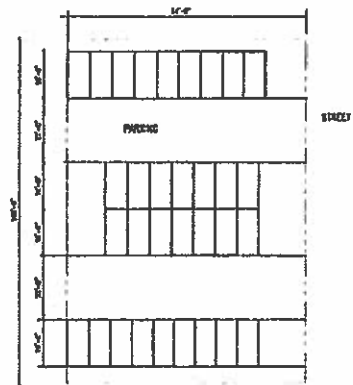


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Figure -2.60
10,000 SQUARE FOOT LOT



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10,000 SF LOT



PLOT PLAN
10,000 SF LOT

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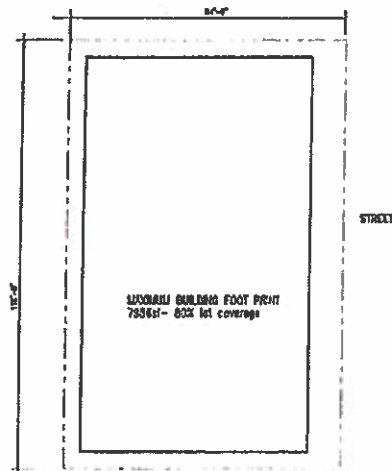
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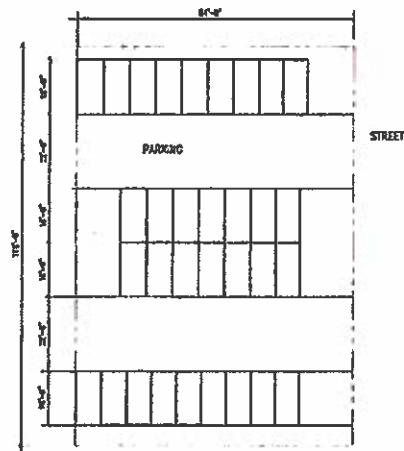
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PLOT PLAN
10,000 SF LOT



PLOT PLAN
10,000 SF LOT

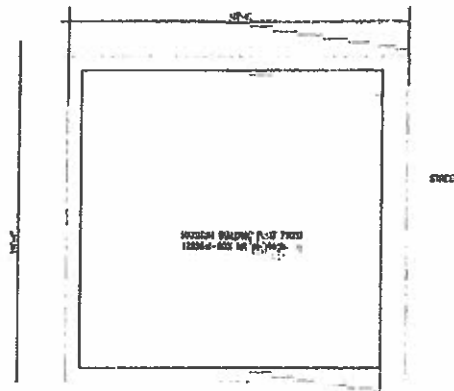
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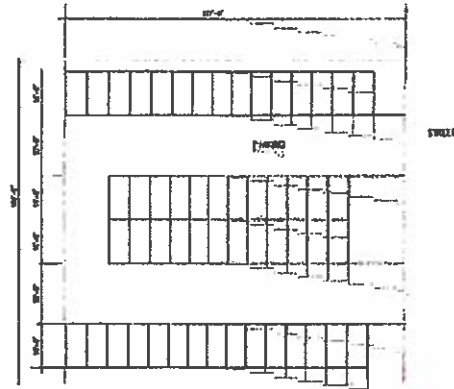


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Figure -2.68
15,000 SQUARE FOOT LOT



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15,000 SF LOT



PLOT PLAN
15,000 SF LOT

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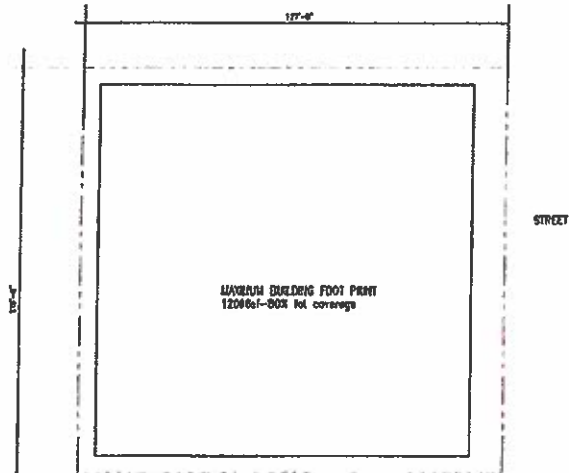
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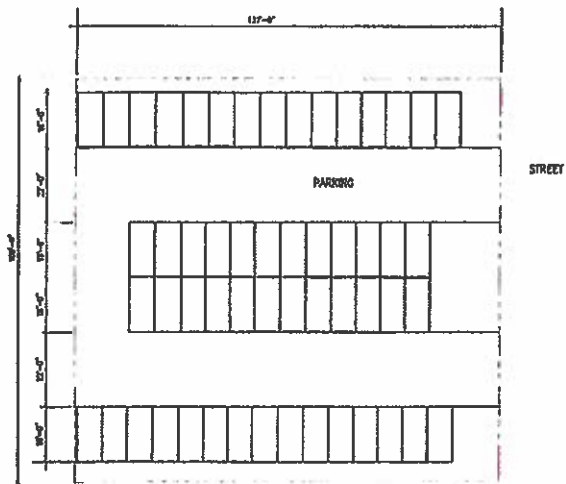
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PLOT PLAN
15,000 SF LOT



PLOT PLAN
15,000 SF LOT

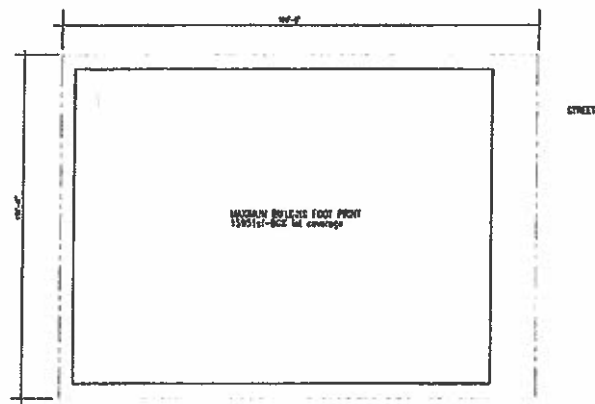
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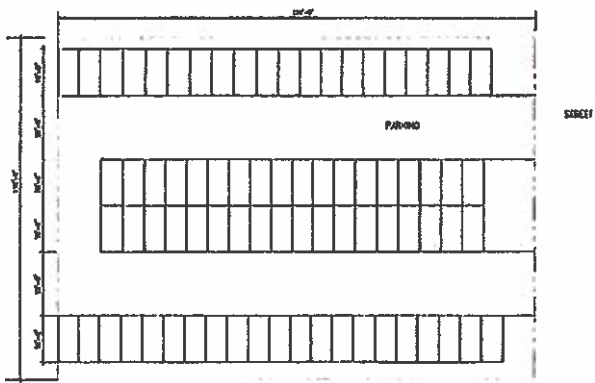


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Figure 2.60
20,000 SQUARE FOOT LOT



PLOT PLAN
20,000 SF LOT



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20,000 SF LOT

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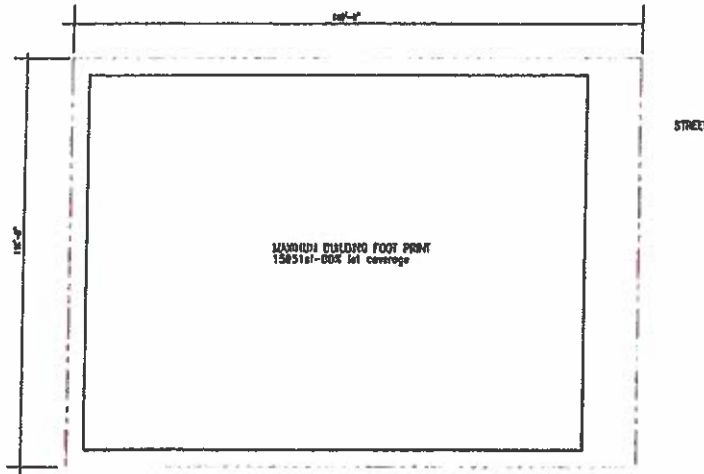
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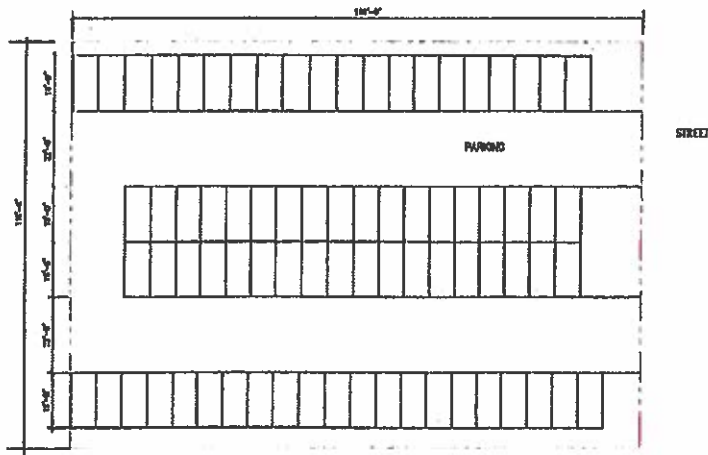
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PLOT PLAN
20,000 SF LOT



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20,000 SF LOT

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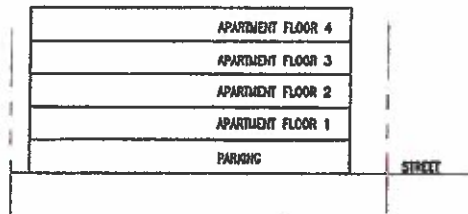


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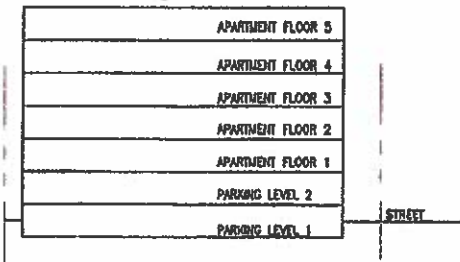
Section - 2.70 - Examples of Maximum Building Height.

The following illustrate possible configurations of building height. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

Figure -2.70



SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING

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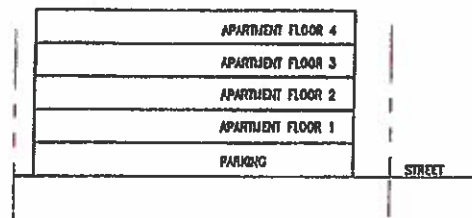
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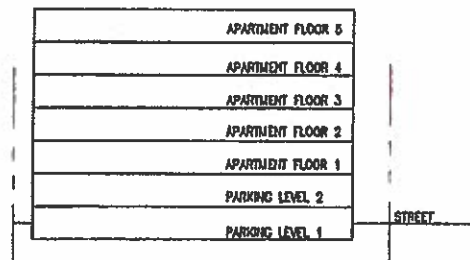


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SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING

~~Section -2.80. Abandonment of Use, Bicycle Parking.~~

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~~If at Section 21-6.150, ROH, regarding bicycle parking, shall not apply but, if bicycle parking is provided, it may encroach into any time-required yards.~~

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~~Section -2.90 Prohibition Against Condominium Property Regime in TOD Zones.~~

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~~The owner or owners of the project ceases to fall within the definition of lot on which affordable rental housing is built pursuant to this chapter and which is located in a TOD Zone (as defined in Section 21-9.100, ROH) shall record in the bureau of conveyances~~

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A BILL FOR AN ORDINANCE

of the use shall State of Hawaii, or if the lot is subject to land court registration under HRS Chapter 501, in the land court, a covenant that neither the owner or owners, nor the heirs, successors or assigns of the owner or owners, shall submit the lot or any portion thereof to the condominium property regime established by HRS Chapter 514B as amended or replaced. The covenant must be recorded on a form approved by or provided by the director and may contain such terms as the director deems necessary to ensure its enforceability. The failure of an owner or of an owner's heir, successor or assign to abide by such a covenant will be deemed a multi-family dwelling use and shall comply with nonconformity provisions of Chapter 21, RCH, as applicable. violation of Chapter and be grounds for enforcement of the covenant by the director pursuant to Section et seq. and will be grounds for an action by the director to require the owner or owners to remove, pursuant to HRS Section 514B-47, the property from a submission of the lot or any portion thereof to the condominium property regime made in violation of the covenant.

Section -2.100 Expedited Processing.

Upon acceptance of a completed application for a building permit application to construct affordable rental housing the department of planning and permitting must either approve or disapprove the application within 90 calendar days. Failure on the part of the department to approve or disapprove within 90 days shall constitute approval of the application.

Article 3. Building Construction Standards

Sections:

- **3.10 General Provisions Intent**
- **3.20 Scope**
- **3.30 Standards**

Section -3.10 General Provisions Intent.

The director intent of this article is to provide special construction requirements for the department construction of affordable rental housing as permitted in this chapter.

Section planning -3.20 Scope.

In addition to the requirements of the building and permitting housing codes, the provisions of this article shall administer this Article. The director may designate duties established under this Article apply to the construction of affordable rental housing.

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A BILL FOR AN ORDINANCE

(b) Where there is a conflict between the provisions of this article and the provisions of the building and housing codes, Chapters 16 and 27, ~~ROH, the building and housing codes,~~ the provisions of this article shall prevail. The requirements set forth herein are minimum requirements. All other provisions of ~~Chapters 16 the building and 27 housing codes~~ shall apply.

Section ~~-3.20~~ 30 Standards.

(a) **Building Heights and Areas.** The height permitted by Table ~~A~~ shall be increased in accordance with Section 504 of the building code. The area of a one-story building shall not exceed the limits set forth in Table ~~A~~, except as provided in Section 506 of the building code.

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The installation of automatic sprinkler systems for protection against fire hazards shall be designed and installed in accordance with Section 903 of the building code, or for residential occupancies up to and including seven stories in height in buildings not exceeding 60 feet in height above grade an automatic sprinkler system shall be provided as follows:

- (1) A common sprinkler/domestic main shall installed throughout the building.
- (2) Vertical risers shall be provided with a secured shutoff valve locked in the open position. All required outages shall be provided with a fire watch.
- (3) All sprinkler heads shall be installed prior to the last plumbing fixture served within the unit. All sprinkler piping serving a sprinkler head shall be kept to a minimum and no greater than 18 inches in length.
- (4) The discharge density shall be 0.05 gpm/sf with a maximum of four sprinkler heads within a compartment.
- (5) A booster pump shall be provided to accommodate the domestic water and greatest hydraulic demanding sprinklers within a unit. The booster pump shall provide a minimum of 40 psi at the top of the riser.
- (6) A manual wet stand pipe shall be pre-charged from a domestic water supply tap. The stand pipe shall be located in an exterior open stairwell with two-hour rated walls.
- (7) For exterior walls that are between five and ten feet from the property line with greater than a 10% wall opening, there must be a sprinkler head at all wall openings to provide a water curtain when the sprinkler head is activated.
- (8) For buildings over 40 feet in height with Type VA construction, an NFPA 13 sprinkler system shall be required.
- (9) A mechanical engineer licensed in the State of Hawaii shall prepare the plans for the automatic sprinkler system required by this section.

(e) **Fire and smoke alarm systems.**

Smoke detectors with audio alarms that are electronically powered shall be installed in bedrooms and kitchens of low-rise multifamily affordable rental dwellings. An alarm pull box is to be installed on each floor of the building which shall be electronically connected to set off bell alarms on all floors of the building.

(f) **Means of Egress.**

Exterior corridors and balconies that are open with guards of a minimum one-hour fire-rated construction railings, or other noncombustible fascia surfaces may be constructed up to five feet from the property line.

(fg) **Fire Escape Stairs.**

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A BILL FOR AN ORDINANCE

- (1) All fire stair exits may be open, provided that the walls adjoining any residential unit are two-hour fire rated walls.
- (2) The minimum width for at least one fire exit stair shall be 48 inches and the other fire exit stairs shall be no less than 36 inches in width, if no elevator is provided.
- (3) Buildings with 35 units or less and less than three stories in height may have one fire exit stair exiting to the ground floor, provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction, shall also have an exit to the roof with a standard-sized door at the roof top exit, and shall have a railed-off waiting area on the roof; provided further that the total length of the building shall not be greater than 100 feet.
- (4) Alternative fire exits in lieu of a second fire exit stair, including a drop ladder system and smaller sized stairs, may be approved by the Fire Chief.

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(eh) Exterior Glass.

Exterior glass in the affordable rental housing shall be exempt from the requirements of the Building Energy Conservation Code, Chapter 32, Revised Ordinances of Honolulu.

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(h) Accessibility.

Design of building and facilities

No elevators shall be in compliance with the Fair Housing Act. Elevators shall not be required unless mandated by the Fair Housing Act.

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Article 4. Exemption from General Excise Taxes

Sections:

-4.10 Intent

-4.20 Application

Section 1007.2.1 of the International Building Code: -4.10 Intent.

SECTION 4. The intent of this article is to provide an additional incentive to spur the construction of affordable rental housing as permitted in this Chapter.

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Section -4.20 Application.

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A BILL FOR AN ORDINANCE

A developer of affordable rental housing may file with the department an application for an exemption from State of Hawaii general excise taxes under the provisions of Section 201H-38, Hawaii Revised Statutes, and the department shall file the application with the Hawaii Housing Finance and Development Corporation to obtain the State of Hawaii general excise tax exemption.

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Article 5. Incentives

Sections:

- 5.10 Exemption from Real Property Taxes
- 5.20 Waiver of Wastewater System Facility Charges
- 5.30 Waiver of Plan Review and Building Permit Fees
- 5.40 Waiver of Park Dedication Requirement

Section 44- 5.10 (a). Exemption from Real Property Taxes

Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Waiver of wastewater system facility charges for affordable dwelling units") ("Real Property Tax Exemptions"), is amended by adding new sections to be designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-10. Exemption – Qualifying affordable rental housing.

(a) For the purposes of this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter . ROH.

"Affordable rental housing unit" shall have the same meaning as defined and permitted under Chapter . ROH.

"Area Median Income" or "AMI" shall mean the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area as adjusted for household size.

"Regulated period" means the ten-year period commencing upon the effective date of the claim for exemption approved by the director and ending on June 30th of the last year of the ten-year period.

(b) Real property improved with affordable rental housing may qualify for an exemption under this section. The director's approval of a claim for

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exemption will exempt real property from real property taxes during the regulated period. The exemption amount is calculated by multiplying the total assessed value of the real property by a fraction, the numerator of which is the number of square feet contained in all affordable rental housing units rented to households earning 80 percent and below of the median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size, and the denominator of which shall be the total number of square feet of all dwelling units in the real property.

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(c) Real property determined by the director to be exempt as described in subsection (b) above will be exempt from property taxes for the duration of the regulated period. If the project fails to meet the requirements under this section at any time during the regulated period, the exemption will be canceled, and the real property will be subject to taxes and penalties pursuant to subsection (g)(3) below.

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(d) Notwithstanding any provision in this chapter to the contrary, any real property determined by the director to be exempt from property taxes under subsection (b) above will be exempt from property taxes effective as of the date the application is filed with the director, provided that the initial application for an exemption must be filed with the director within 60 days after any certificate of occupancy is issued for the real property by the department of planning and permitting. In the event property taxes have been paid in advance to the city for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to and paid for the period after the effective date of the exemption. Where a claim for exemption is filed more than 60 days after any certificate of occupancy has been issued but on or before September 30, the effective date of an exemption approved by the director shall be July 1 of the succeeding tax year.

(e) After the initial year for which the real property has qualified for an exemption, a claim for a continued exemption must be filed annually on or before September 30th, together with a certification from the applicant certifying that the project continues to be in compliance with the applicable requirements of Chapter _____.

(f) The director may, after 30-days written notice to the owner of the affordable rental housing, audit the records of the real property exempt from taxes under this section. An owner's refusal or failure to cooperate and produce all

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records requested by the director may result in cancellation of the exemption and subject the real property to the taxes and penalties determined in subsection (g)(3) below.

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(g) **Cancellation of Exemption-Penalties.**

(1) **Notice by Director.**

Following the initial year for which real property has qualified for an exemption under this section, if an owner fails to file a claim for continued exemption by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless a claim for continued exemption and all the necessary documents are received by the director by November 15th of the same year, the exemption will be canceled.

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(2) **Cancellation of Exemption.**

- (A) An owner who has been sent a notice under subdivision (1) by the director and who fails to file for an exemption by the November 15th deadline will have the exemption canceled and the project will be subject to taxes and penalties pursuant to subdivision (3).
- (B) In the event the director finds that the initial or a subsequent claim for exemption contains false or fraudulent information, the project fails to meet the requirements during the regulated period, or the owner fails to file annually during the regulated period as required under this section, the director shall cancel the exemption retroactive to the effective date of the application which contains false or fraudulent information, the date the project fails to meet the requirements during the regulated period, or the date upon which the last application approved by the director shall expire, and the project will be subject to the taxes and penalties determined in subdivision (3).

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(3) **Back Taxes and Penalties.**

In the event a project is subject to taxes and penalties, as provided in subdivision (2), the differences in the amount of taxes that were paid and those that would have been due but for the exemption allowed are payable, together with a penalty in the form of interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property. In the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a late filing penalty of \$500 will be imposed.

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(h) If an exemption is granted under this section, an exemption for the same property may not be granted under any other section.

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Sec. 6-10. Exemption – During construction work for and marketing of affordable rental housing

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(a) As used in this section:

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"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter _____.

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"Qualifying construction work" means work to construct affordable rental housing.

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(b) Any incremental increase in the valuation of the real property primarily attributable to qualifying construction work will be exempt from property taxes.

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(c) A claim for exemption must be filed with the director on or before September 30th preceding the first tax year for which the exemption is claimed on a form as may be prescribed by the department, and must be supported by documentation establishing the date of the issuance of the building permit for demolition, if applicable, or the building permit for new buildings or portions thereof, additions, or substantial rehabilitations.

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(d) The claim for exemption, once allowed, (shall expire:
(1) two calendar years after issuance of a building permit for a new building;
(2) upon issuance of a certificate of completion; or
(3) upon issuance of any certificate of occupancy;
whichever occurs first. The director may extend this exemption for good cause."

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Section 5.20 Waiver of Wastewater System Facility Charges
APPENDIX 14-D under Section 14-10, Revised Ordinances of Honolulu 1990, is amended to read as follows:

(a) Wastewater system facility charges, as set forth in Appendix 14-D of this chapter will be waived for the following:

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(1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;

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~~(2) Affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-10, or an interim planned development-transit permit pursuant to Section 21-9.100-5; or~~

~~(3) Affordable rental dwelling units developed in compliance with HRS Section 201H-36(a)(5) and; or~~

~~(4) Affordable rental housing as defined in Chapter _____.~~

~~(4) Affordable rental housing as defined in accordance with Chapter _____.~~

~~Section 5.30. Waiver of Plan Review and Building Permit Fees.~~

~~Section 18-6.5, Revised Ordinances of Honolulu, 1990, is amended to read as follows:~~

~~Section 18-6.5. Exemptions.~~

~~(a) The city, all agencies thereof and contractors therewith will be exempt from the requirement of paying plan review and permit fees.~~

~~(b) The building official may grant an exemption from the requirement of paying plan review and permit fees for any person seeking to restore or reconstruct a structure damaged or destroyed as a result of a major disaster. For the purposes of this section:~~

~~(1) "Major Disaster" means any hurricane, tornado, storm, flood, high water, tsunami, earthquake, volcanic eruption, landslide, mud slide, fire, explosion or other catastrophe occurring in any part of the city that causes damage, suffering, and loss to such a degree that:~~

~~(A) (A) The President of the United States has declared, pursuant to the Disaster Relief Act of 1974, P.L. 93- 288, that a major disaster exists such that the city or any part thereof is eligible for federal disaster assistance programs.~~

~~(B) (B) The governor of the State of Hawaii has declared pursuant to HRS Chapter 209 that a major disaster has occurred.~~

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~~(C)~~ ~~(C)~~ The mayor has issued a proclamation declaring the existence of a major disaster; or

~~(D)~~ The council has adopted a resolution declaring the existence of a major disaster.

(2) "Restore and reconstruct" means any repair or other work performed to return a structure to its former condition that does not increase the floor area of the structure beyond that of the structure prior to the major disaster, is in conformance with the building code, flood hazard regulations, land use ordinance, and other applicable laws, and is started within two years of the major disaster.

(3) The burden of proof that work to be performed qualifies for an exemption from the payment of building permit fees due to a major disaster will be on the owner of the structure. An applicant filing for such exemption must certify in writing that the work to be performed will be in conformance with the requirements of this section.

~~(c)~~ ~~(e)~~ All owners and their contractors will be exempt from paying that portion of any building permit fee for permits issued after September 15, 1994 attributable to the installation of ultra-low flush toilets that they install on their properties to replace existing non-ultra-low flush toilets.

(d) The building official shall waive the collection of any building permit fee for a period of three years where the business has been certified to be a qualified business pursuant to Section 35-1.3.

(e) The building official shall waive the collection of any building permit fee for any person seeking to replace a dilapidated dwelling unit located on homestead land leased under the Hawaiian Homes Commission Act of 1920. For the purposes of this section:

(1) "Dilapidated dwelling unit" means any residential home that has significantly deteriorated because of age, termites, or other causes, which make the home unsafe, uninhabitable, or unhealthy.

(2) The burden of proof that a dwelling unit is dilapidated and qualifies for an exemption from the payment of building permit fees will be on the owner of the unit. An applicant filing for such exemption shall attach acceptable

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- proof that the dwelling unit is dilapidated to the building permit application.
- (3) The replacement home may increase the floor area of the originally demolished or removed structure.
- (f) The building official shall waive the collection of any plan review and building permit fees exclusively for the creation of an "accessory dwelling unit," as defined in Section 21-10.1. The plan review and building permit fees that were collected for the creation of "accessory dwelling units" after September 14, 2015 will be reimbursed if requested by the permittee. Building permit fees and plan review fees will not be waived where a permit was required and work started or proceeded without obtaining a permit. In these cases, fees will be required pursuant to Section 18-6.2(d).
- (g) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project equal to:
- (1) The percentage of affordable dwelling units as defined in and as provided within the project pursuant to Chapter _____; or
- (2) The percentage of affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-1010, or an interim planned development-transit permit pursuant to Section 21-9.100-5.
- (h) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project that is in compliance with HRS Section 201H-36(a)(5).
- (i) ~~The building official shall waive the collection of the plan review and building permit fees for affordable rental housing as defined in Article 1 of this Chapter _____.~~
- SECTION 6 Section 5.40 Waiver of Park Dedication Requirement**
Section 22-7.3(4), Revised Ordinances of Honolulu 1990
("Subdivision of Land - Scope"), is amended to read as follows:
- "Sec. 22-7.3 Scope.**
- (a) Every subdivider, as a condition precedent to the:

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- (1) Approval of a subdivision by the director; or
- (2) Issuance of a building permit for multiple-family development by the department of planning and permitting;

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shall provide land in perpetuity or dedicate land for park and playground purposes, for joint use by the occupants of lots or units in subdivisions as well as by the public. The dedication of land for a park will be subject to the maximum ceiling in land or money in lieu thereof, calculated in accordance with the formula designated in Sections 22-7.5 and 22-7.6. In lieu of providing land in perpetuity or dedicating land, the director may permit a subdivider to pay a fee equal to the value of the land that would otherwise have been required to be provided in perpetuity or dedicated, or combine the payment of a fee with the provision or dedication of land, the total value of such combination being not less than the total value of the land that would otherwise have been required to be provided in perpetuity or dedicated

- (b) This article applies to all subdivision of land into two or more lots for residential purposes, including developments under Section 21-8.30, and to construction of multiple-family developments. When a new building or group of buildings containing dwelling or lodging units is added to an existing multiple-family development, approved prior to October 16, 1976, the provisions of this article will apply only to such new additions, and not to the previously approved multiple-family development.

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- (c) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered to increase the number of dwelling or lodging units, the provisions of this article will apply to the number of dwelling or lodging units added to the enlarged or altered building.

- (d) When an existing building in a multiple-family development, approved prior to October 16, 1976, is enlarged or altered without increasing the total number of dwelling or lodging units, and the cost of such work exceeds 50 percent of the total replacement cost of the building at the time of the building permit application, the provisions of this article will apply to the total number of dwelling or lodging units contained in the enlarged or altered building. The 50 percent replacement cost is calculated on each individual building, and not on the total replacement cost of the multiple-family development. The percentage will be cumulative for each building after October 16, 1976. The provisions of this article apply to all new or existing units in an enlarged or altered building whenever the cumulative 50 percent replacement cost is

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exceeded.

- (e) Upon acceptance of the land by the city, the city shall thereafter assume the cost of improvements and their maintenance. Fees received will be disbursed for the acquisition or development of parks and playgrounds, including physical facilities.

- (f) This article also applies to any change in the use of buildings to multiple-family dwelling use subsequent to October 16, 1976.

- (g) In any zoning district or special district where mixed uses of business, commercial, office, and dwelling units are permitted, the provisions of this article apply to all units where kitchen and bathroom facilities are provided, or electrical and plumbing systems are located and designed so that these units may be readily converted to dwelling units without securing a new building permit or without undertaking any major alterations or renovation work.

- (h) This article does not apply to those units where legal documents are drawn up by the applicant to assure that the units will not be converted to dwelling units. The legal documents must be recorded as covenants running with the land and subject to the review and approval of the director of planning and permitting and the corporation counsel. The legal documents must be fully executed and recorded with the registrar of the bureau of conveyances or the assistant registrar of the land court, or both, as appropriate, and proof of such recordation must be submitted to the director of planning and permitting prior to the issuance of building permits.

- (i) This article applies to any conversion in use of any existing nondwelling unit to a dwelling unit, and such conversion cannot be undertaken unless the provisions of this article have been met.

- (j) This article also does not apply to the following dwelling units:

- (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
- (2) Affordable dwelling units provided pursuant to a planned development transit permit pursuant to Section 21-9.100-10, or an interim planned development-transit permit pursuant to Section 21-9.100-5; or
- (3) Affordable rental dwelling units provided in compliance with HRS

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Section 201H-36(a)(5) ~~or~~ or

~~(4) Affordable rental housing as defined in Chapter _____.~~

~~(4) Affordable rental housing as defined in Chapter _____.~~

SECTION 7. Expedited Processing.

~~Upon acceptance of a complete application for a building permit application to construct affordable rental housing, the department of planning and permitting must either approve or disapprove the application within 90 calendar days. Failure on the part of the department to approve or disapprove within 90 days shall constitute approval of the application.~~

~~SECTION 8. Ten-Year Property Tax Exemption. Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding a new section to be designated by the Revisor of Ordinances and to read as follows:~~

~~Section 8.10. Exemption. Qualifying affordable rental housing.~~

~~(a) For the purposes of this section:~~

~~"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter _____, ROH.~~

~~"Affordable rental housing unit" shall have the same meaning as defined and permitted under Chapter _____, ROH.~~

~~"Area median income" or "AMI" refers to the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size.~~

~~"Regulated period" means the ten-year period commencing upon the effective date of the claim for exemption approved by the director and ending on June 30th of the last year of the ten-year period.~~

~~"Declaration of Restrictive Covenants" shall have the same meaning as defined under Chapter _____, ROH.~~

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(b) Real property improved with affordable rental housing and subject to the Declaration of Restrictive Covenants may qualify for an exemption under this section. ~~The director's approval of a claim for exemption will exempt real property from real property taxes during the regulated period.~~ The exemption amount is the total assessed value of the real property multiplied by the ratio of the living area rented to households with earnings at or below 80% AMI, as specified in the Declaration of Restrictive Covenants, to the total building living area.

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(c) ~~Real property determined by the director to be exempt as described in subsection (b) will be exempt from property taxes effective as of the filing date of the claim for exemption but only if the claim is filed with the director within 60 days after any certificate of occupancy is issued by the department of planning and permitting. In the event property taxes have been paid in advance to the city for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to, and paid for the period after the effective date of the exemption. Where a claim for exemption is filed more than 60 days after any certificate of occupancy has issued but on or before September 30, the effective date of an exemption approved by the director will be July 1 of the succeeding tax year.~~

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(d) After the initial year for which the real property has qualified for an exemption, a report shall be filed annually on or before September 30th during the regulated period. The report shall certify that the affordable rental apartment continues to be in compliance with the restrictive covenant and Chapter __, ROH, and that the affordable rental housing units are rented to households earning 80% AMI and rented at or below the rental rate limits established by the United States Department of Housing and Urban Development for households earning 100% AMI for the applicable household size or less. The director may provide forms as may be necessary to administer this subsection.

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(e) The director may, after 30 days written notice, audit the records of the real property exempt from taxes under this section. An owner's refusal or failure to cooperate and produce all records requested by the director may result in the cancellation of the exemption and subject the real property to the taxes and penalties determined in subdivision (f)(3).

(f) Cancellation of Exemption Penalties.

(1) Notice by Director.

Following the initial year for which real property has qualified for an



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exemption under this section, if an owner fails to file the annual certification by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless annual certification is received by the director by November 15th of the same year, the exemption will be canceled.

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(2) Cancellation of Exemption.

- (A) An owner who has been sent a notice under subdivision (1) by the director and who fails to file the annual certification by the November 15th deadline will have the exemption canceled and subject the real property to the taxes and penalties determined in subdivision (3).
- (B) In the event the director finds that the initial or a subsequent claim for exemption contains false or fraudulent information, the director shall cancel the exemption retroactive to the effective date of the application which contains false or fraudulent information.
- (C) In the event the director finds that the affordable rental apartment fails to meet the requirements of this section or Chapter _____, ROH, during the regulated period, the director shall cancel the exemption retroactive to the date the building fails to meet the requirements during the exemption period, subject the real property to the taxes and penalties determined in subdivision (3).

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(3) Back Taxes and Penalties.

In the event the director cancels the exemption pursuant to subdivision (2)(B) or (2)(C), real property shall be subject to the difference in the amount of taxes that were paid and those that would have been due but for the exemption allowed, together with a penalty in the form of interest at 10 percent per annum, from the respective dates that those payments would have been due. ~~The taxes and penalties due will be a paramount lien upon the real property.~~

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~~In the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th deadline, a late filing penalty of \$500 will be imposed.~~

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- (g) If an exemption is claimed under this section, an exemption for the same property may not be claimed under any other section.

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SECTION 9. Property Tax Exemption During Construction and Marketing. Chapter 8.

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Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding a new section to be designated by the Revisor of Ordinances and to read as follows:

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~~"Sec. 8-10. Exemption During construction work for and marketing of affordable rental apartments~~

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~~(a) As used in this section:~~

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~~"Affordable rental apartment" shall have the same meaning as defined and permitted under Chapter __, ROH.~~

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~~"Qualifying construction work" means work to construct affordable rental apartments.~~

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~~(b) Any incremental increase in the valuation of the real property primarily attributable to qualifying construction work will be exempt from property taxes.~~

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~~(c) A claim for exemption must be filed with the director on or before September 30th preceding the first tax year for which the exemption is claimed on a form as may be prescribed by the department. The claim for exemption must be supported by documentation establishing the date of the issuance of the building permit for demolition, if applicable, or the building permit for new buildings, and accompanied by a duly filed Declaration of Restrictive Covenant as defined in Section 8-10, __, ROH.~~

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~~(d) The claim for exemption, once allowed, will expire:~~

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- ~~(1) Two calendar years after issuance of a building permit for a new building;~~
- ~~(2) Upon issuance of a certificate of completion; or~~
- ~~(3) Upon issuance of any certificate of occupancy;~~

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~~whichever occurs first. The director may extend this exemption for good cause.~~

~~(e) If, within five years of the expiration of the claim for exemption, the affordable rental apartment is not in compliance with the recorded restrictive covenant, the exemption shall be retroactively revoked and the owner shall reimburse the director the exemption amount.~~

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SECTION 10. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not



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include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the ~~Revisor's~~ Revisor's authority under ROH Section 1-16.3(b)(6) replace reference numbers to agree with newly numbered chapters or sections.

SECTION 11. Effective Date.

(a) ~~5. This ordinance takes effect upon its approval and will be repealed five years after its effective date. No later than two years prior to the repeal date of this ordinance, the director of planning and permitting shall submit to the City Council a report on the number of additional affordable rental housing units developed under this ordinance, and a recommendation regarding the repeal, modification, or extension of this ordinance. Upon the repeal of this ordinance, any affordable rental housing use and structure developed pursuant to this ordinance shall be considered a nonconforming use and structure, respectively, as provided under Chapter 21-4.110.~~

(b) ~~No later than two years prior to the repeal date of this ordinance, the Director of the Department of Planning and Permitting shall submit to the City Council a report on the number of affordable rental dwelling units developed under this ordinance. The report shall also make recommendations regarding the repeal, modification, or extension of this ordinance.~~

(c) ~~Upon the repeal of this ordinance, affordable rental housing and the structures developed pursuant to this ordinance shall be considered a nonconforming use and structure, respectively, as provided under Chapter 21-4.110.~~

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~~CITY COUNCIL~~
~~CITY AND COUNTY OF HONOLULU~~
~~HONOLULU, HAWAII~~

~~ORDINANCE~~

~~BILL~~

~~A BILL FOR AN ORDINANCE~~

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this day of 20

KIRK CALDWELL, Mayor,
City and County of Honolulu

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Written Testimonies and Comments/Concerns

From: Furst, Richard <RFurst@wje.com>
Sent: Thursday, February 14, 2019 3:52 PM
To: Takara, Gloria C
Cc: Jacy Youn; Kevin Wilcock
Subject: AIA Honolulu Housing Committee input to Planning Commission meeting on Res. 18-78 CD1
Attachments: AIA Housing Workshop Comments.pdf; Multi-Family Housing Affordability Possibilities_sm 2018-11-15.pdf

RECEIVED
9 FEB 14 PM 4:26
DEPT OF PLANNING
& COMMUNITY DEVELOPMENT
CITY OF HONOLULU

Hi Gloria,

Thanks much for taking my call earlier today. As discussed, I'd like to submit input to the Planning Commission on behalf of the AIA Honolulu Housing Committee on proposed Resolution 18-78 CD1. As part of last November's AIA Pacific Northwest Region's Design Symposium, the AIA Honolulu Housing Committee hosted an interactive workshop entitled "Encouraging New Models of Affordable Housing." As a tool to assess the potential impact of affordable housing incentives included in proposed Res. 18-78 CD1, the workshop utilized interactive physical models to conceptually test the feasibility of developing new affordable housing units on underdeveloped A-zoned sites in the McCully area of the Mo'ili'ili neighborhood.

The Housing Committee would like to provide the two attached documents for review and input to the Planning Commission: the first is a summary of the comments received from workshop participants, while the second is a copy of the PowerPoint presentation given at the front end of the workshop (note that the image quality has been reduced to make the file size small enough to email). We hope that the information contained herein will help to inform the Planning Commission and City Council efforts in modifying current zoning regulations to encourage infill development of affordable multifamily rental housing in ways that will invigorate the urban fabric and enrich the lives of area inhabitants.

We look forward to meaningful discussion at the upcoming Planning Commission meeting on Feb. 20, and would be glad to present any information we have collected if there is opportunity to do so. Please let me know if we should bring any specific materials for presentation or discussion with the Committee members or other attendees.

Thank you very much in advance for your help in forwarding this information to Commission members and other interested parties.

Best regards,

Richard A. Furst, AIA
Senior Associate

Wiss, Janney, Elstner Associates, Inc.
Engineers | Architects | Materials Scientists
Topa Financial Tower
745 Fort Street, Suite 2200, Honolulu, HI 96813
tel 808.591.2728 | direct 808.983.1943 | mobile 808.308.8925
www.wje.com
rfurst@wje.com

AIA Honolulu Housing Committee Design Symposium Workshop

Summary of Participant Comments:

As part of the AIA's 2018 Pacific Northwest Design Symposium, the AIA Honolulu Housing Committee hosted an interactive workshop entitled "Encouraging New Models of Affordable Housing." The purpose of the workshop was to focus on the ways in which apartment zoning and the design of multi-family housing affect affordability and other factors contributing to the overall livability of the city. As a tool to assess the potential impact of affordable housing incentives included in proposed amendments to local zoning regulations (Res. 18-78 CD1), the workshop utilized interactive physical models to conceptually test the feasibility of developing new affordable housing units on underdeveloped A-zoned sites in the McCully area of the Mo'ili'ili neighborhood.

During the interactive portion of the workshop, approximately fifty participants, including architects, planners, developers, students, and other community members, were split up into teams that were each assigned a specific city block with multiple building infill sites. Using a kit of parts representing various possible apartment building floor layouts, parking, and open space components, they were asked to follow the development rules established in the proposed Res. 18-78 CD1 and come up with programmatic responses to the various site and neighborhood conditions encountered. Each team worked for a limited time to develop parcels on their block, and at the end of the session, all the blocks were reassembled on a larger site model to evaluate the neighborhood context.

Workshop participants were asked to complete a survey card indicating the number of units created on each site, as well as provide their comments on the effectiveness or appropriateness of the proposed zoning rules in Res. 18-78 CD1. While there were a variety of participant responses, the following opinions stood out because they were received from multiple participants or were



deemed by Housing Committee members as being particularly useful:

- The proposed FAR of 4.0 is too high to maintain within given height limits and including any parking, especially for smaller lots.
- Reduce on-site parking requirements rather than eliminate them completely, as doing so would create problems for street parking that's already stretched thin.
- Zoning changes such as increases in FAR or height limit, or reductions in parking, should be used as incentives to encourage development that includes shared/community amenities, green roofs, shared parking, etc. that are desirable urban development strategies.
- Open/green space anywhere within the development (i.e. green roofs, courtyards, etc.) should count towards park development requirements.
- Consider allowing "zero lot line" development (with 10' side yard setback on opposite side) on lots with no existing structure on the adjacent lot.
- Encourage appropriate mixed use within the A-zones.
(We note that current zoning regulations do allow for "neighborhood grocery" and "home occupation" uses, but perhaps expanding or clarifying these uses to include other scale-appropriate mixed-use would be helpful to encourage a more vibrant streetscape for the neighborhood.)
- Zoning rules must still consider natural ventilation and daylighting since that will affect building forms and break down massing.



Below are the actual participant comments received, as transcribed from participant comment cards. They are loosely organized around topic area.

FAR

FAR of 4.0 is way too much, especially for smaller lots (4x)
Higher FAR (e.g. 6.0) for larger lots
No maxing out FAR – boring density
Consider lower FAR (3.0 may be more appropriate given height limit)
When FAR is a limiting factor (i.e. lower), more opportunities for external spaces (e.g. courtyards, breezeways, lanais) emerge resulting in more habitable and street friendly building forms
Provide a ratio between FAR and height limit
Don't reduce FAR of 4.0
FAR of 4.0 is hard to hit, it may encourage too much density, with a lack of adequate light & ventilation
FAR 4.0 max is too high with 60' height limit
Lower FAR to 3.0 to encourage more creative massing strategies
Reduce FAR or increase height limit
FAR 4.0 is challenging w/ height limit and parking needs

Height limits / setbacks

5' setback not enough
Do not allow zero lot lines; need adequate air & space between buildings
Incentivize height variation & articulation
Increase height limit as an alternative to reducing FAR
60' max building height may not be sufficient
Façade on McCully Street too strong with no setbacks
Allow for increased height if building form is stepped back
More height is needed to provide a more porous building form for outdoor living
Create flexible zoning for height within blocks to get more varied skyline and light to parcels; could be tradeoff for parking or other amenities (2x)
Allow for zero lot line one side with 10' side yard setback on other side
Eliminate side yard setbacks
Increase height limit
Maximize street front at corner lot
Increase front setback range 6' -- 10' for walkability and green infrastructure
Allow 0' side setback where no existing building on adjacent lot
Allow additional level for roof deck PV
5' side yard setback with increased density makes poor living condition, with no privacy

Parking

Reduced, not removing, car parking
De-incentivize parking with cost to park
Possibility to share parking between two lots
Allow for unlimited underground parking
Do not eliminate parking entirely
Eliminating onsite parking will remove any existing neighborhood street parking spaces
Allow parking into full setbacks (2x)
Encourage car sharing and other transportation options
Provide for tuck-under parking in back

Maintain street front; no parking at street setback
Incentivize shared central parking with FAR increase; use side setbacks for parking access
Incentivize parking -- 8-10 spaces = no park dedication
Eliminating parking will make it even harder to find street parking in an already overcrowded area
Eliminating parking will increase illegal parking in neighborhood
Need to provide for some loading/service vehicle parking
Partial parking would be ok, but not for all units
In Portland, OR, the city allowed for zero parking, which overloaded the adjacent single family neighborhoods

Occupancy / Use

Allow mixed use instead of only residential (3x)
Allow small retail or live/work use
Review new IBC code provisions that allow different rooming types
Allow ground floor commercial
Allow mixed use
Allow live/work spaces
Activate street / ground floor levels
Incentivize community based mixed use

Urban Design Strategies / Joint Development

Use increased FAR or height as incentives for desired development steps (e.g. bike parking, community space, outdoor space, green roofs, etc.)
Allow for negotiated shared facilities between neighboring parcels (e.g. shared parking, shared green spaced)
Existing lot lines do not contribute to good urban design
Provide open space tradeoffs
Connection to nearby community facilities is important
Require site planning that allows for optimum infill in future when parking & traffic needs are reduced
Share green spaces with neighboring lots
Shared green space with JDA
Encourage aggregating parcels to create better opportunities for courtyards, open space, and pedestrian connections across parcels
Encourage multiple lot development
Allow for shared parking lots
Allow park dedication requirement to be distributed throughout project floor plans (i.e. % open space at every level)
Gradient envelope between existing buildings
Explore incentives for joint development and shared parking between developments
Resolution would be improved if it is paired with public space improvements (i.e. complete streets, shared parking, neighborhood scale solutions, access to well-maintained public green spaces and shared lots)
Provide mid-level courtyards and balconies at units

"Green" / Sustainability

Offer incentives for green roofs or renewable energy generation
Incentivize natural ventilation and daylighting since that will affect building forms and break down massing

Tradewinds important (do not block)
Count (green) roof space as open green space (2x)

Unit Count

Allow for a greater number of units
Unit limit seems unnecessary -- more units means more construction budget, which can translate into higher quality materials for the project
Maximize unit count
Eliminate unit limits
Stipulate percentage of units / floor (or open space)

Miscellaneous

Don't make it like 1960's walkups
Modular construction is a real & viable solution; involve professional modular specialty design firm early in design stages
Rules regarding stairways impact design creativity
Resolution seems too complex with many limitations; recommend determining incentives and focus on those.
Stipulate percentage of elevation opening



Overview of final model showing urban development pattern resulting from workshop exercise

Please note that the opinions expressed herein do not reflect those of the AIA Honolulu, its Board of Directors, management, or staff. This document is not an official position statement from the AIA Honolulu.

A photograph of a modern, multi-story building with a light-colored facade and dark horizontal accents. A vibrant rainbow arches over the building against a blue sky with scattered clouds. In the foreground, a white car is parked on a street, and trees are visible on the left and right sides.

Encouraging New Models of Affordable Housing

An Interactive Workshop Presented By:
AIA Honolulu Housing Committee



AIA Honolulu



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Course Description

Honolulu, like many cities in the US and around the globe, faces an increasing shortfall of affordable housing, with studies projecting a need of almost **65,000** new units state-wide by **2025**. Looking forward, ensuring equitable access to housing will predictably become even more challenging.

This workshop will focus on the ways in which apartment zoning and the design of multi-family housing affect affordability and other factors contributing to the overall livability of the city. As a tool to assess the potential impact of affordable housing incentives included in proposed amendments to local zoning regulations, the workshop will utilize interactive physical models to conceptually test the feasibility of developing new affordable housing units on underdeveloped A-, AMX-, and BMX-zoned sites throughout the city.



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Learning Objectives

- 1) Identify current urban planning, social equity, and other community issues related to the lack of affordable housing.
- 2) Share successful design strategies and progressive zoning approaches employed by various mid-scale and/or affordable housing case studies.
- 3) Compare proposed amendments to current Apartment zoning code requirements (including maximum FAR, lot coverage, parking requirements, and etc) for affordable housing projects.
- 4) Utilize interactive models to visualize the conceptual buildable area and development potential of affordable housing on a range of Apartment zone sites compared to the baseline massing allowed under the current zoning rules.



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Today's Schedule

Time	Description
10 min	Intro / Case Studies
10 min	Local Affordability Issues
10 min	Resolution 18-78 Description
40 min	Model Exercise <ul style="list-style-type: none">• Massing/Scale• Parking Minimums• Total Units
15 min	Group Share
5 min	Closing/Next Steps



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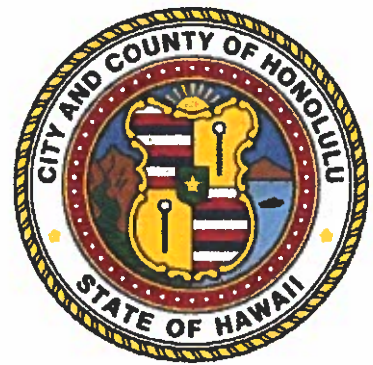
Resolution 18-78 CD1

PURPOSE

- Affordable rental housing
- Low-rise multifamily dwellings
- Less Monster homes

TOOLS

- Changes to LUO / Zoning





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Defining Affordability

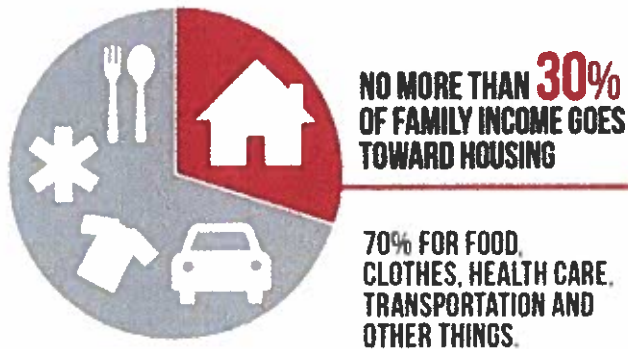
Area Median Income (AMI) is the household income for the median — or middle — household in a region. Each year, the Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country. HUD focuses on the region — rather than just the city — because families searching for housing are likely to look beyond the city itself to find a place to live.

2018 HUD Area Median Income (100% AMI) for Honolulu County:

- For an individual = \$81,700
- For family of two = \$93,300
- For family of four = \$116,600

Defining Affordability

HOUSING AFFORDABILITY RULE



Affordable housing is defined as when costs are at or below **30%** of household income.

Low Income housing is typically for those making 60% of the area median income or less.

Workforce or Reserved housing is designed to provide affordable housing for buyers earning **between 80% and 140%** of the area median income .



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Affordable Housing - Yesterday



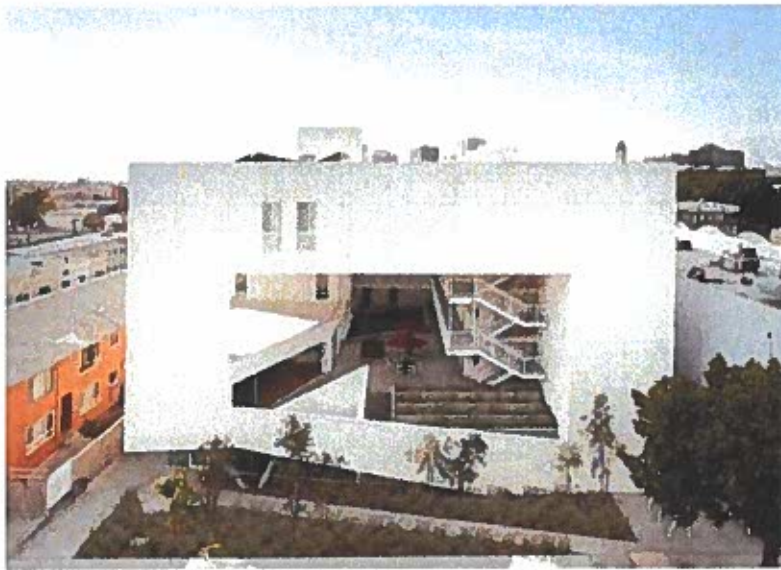


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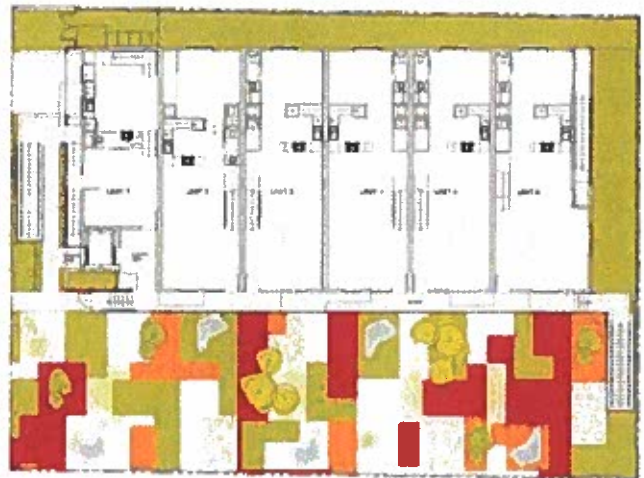
Affordable Housing - Today



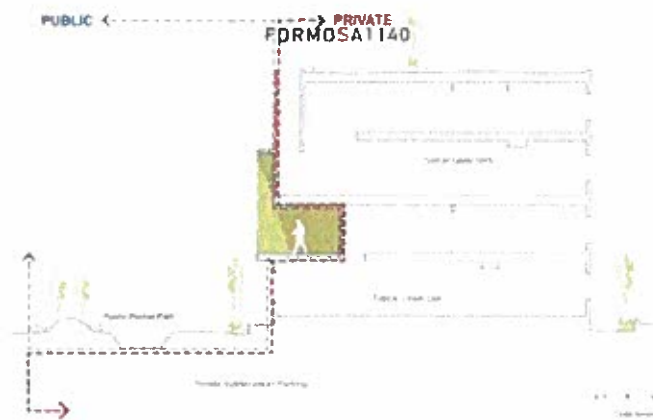
Case Studies - The SIX, Los Angeles, CA



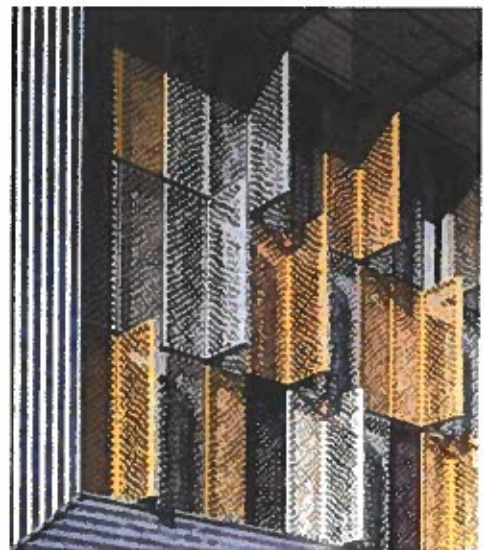
Case Studies - Formosa 1140, W. Hollywood, CA



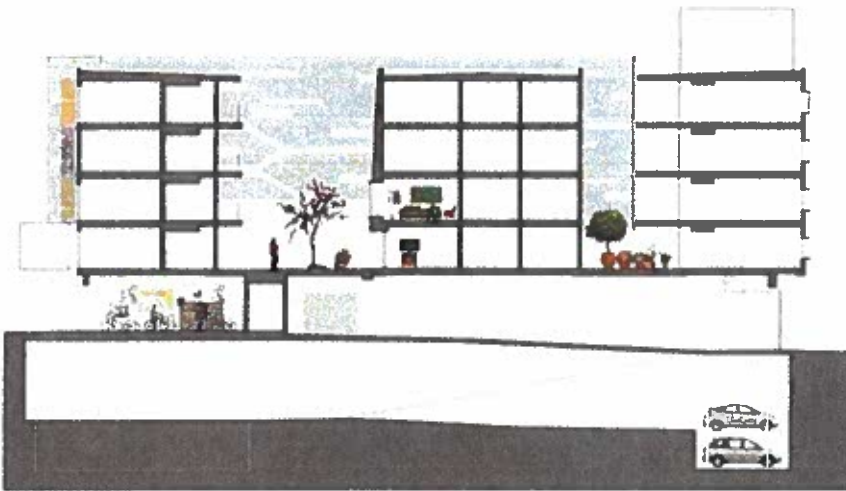
Case Studies - Formosa 1140, W. Hollywood, CA



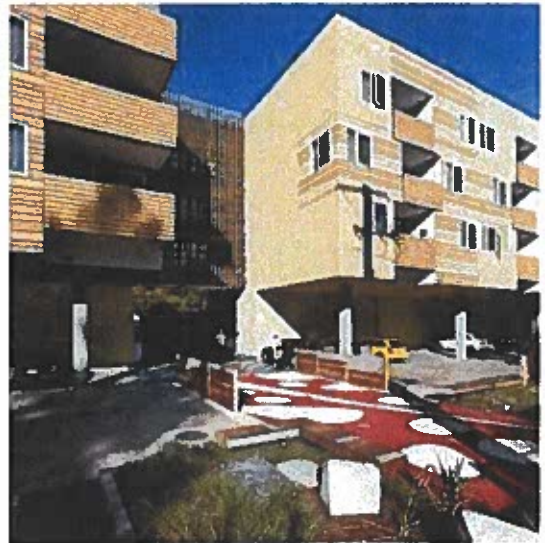
Case Studies - Step Up on 5th, Santa Monica, CA



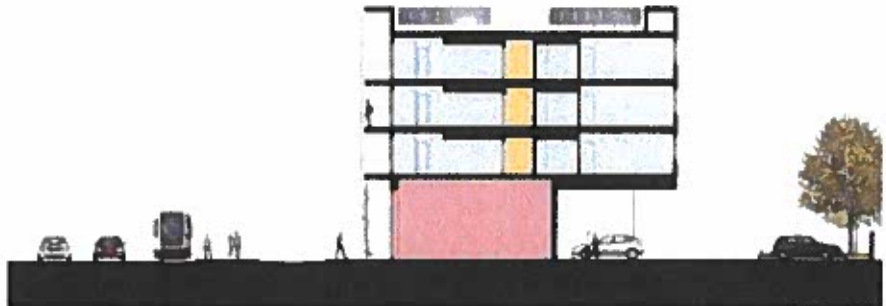
Case Studies - Step Up on 5th, Santa Monica, CA



Case Studies - La Valentina, Sacramento, CA

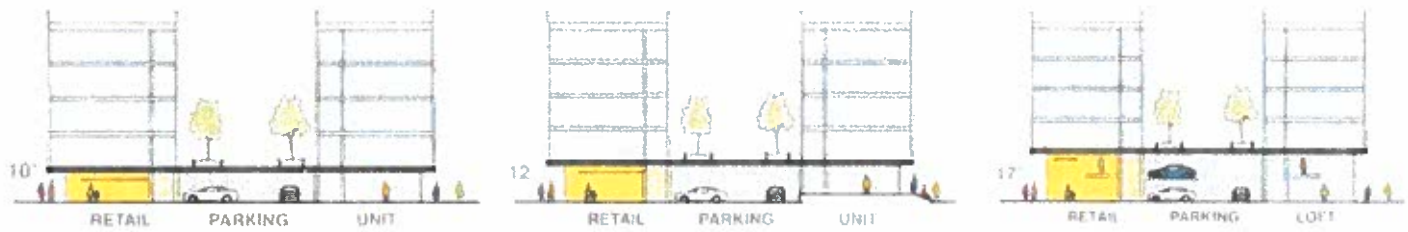


Case Studies - La Valentina, Sacramento, CA





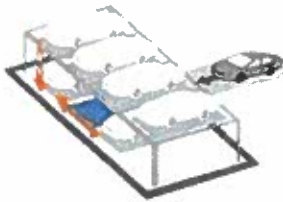
Design Strategies - Sample Building Sections





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Design Strategies - Mechanized Parking



Lift & Slide Parking



Design Strategies - Alternate Transportation



Design Strategies - Incremental Housing



Design Strategies - Construction Technology



Design Strategies - Construction Technology



Design Strategies - Rethinking the Roof



Affordable Rentals – why so hard to build?

- Subsidy
- Gap financing
- Additional density
- Parking



<http://files.hawaii.gov/dbedt/annuals/2016/2016-op-affordable-rental-housing.pdf>

Affordable Rentals – why so hard to build?

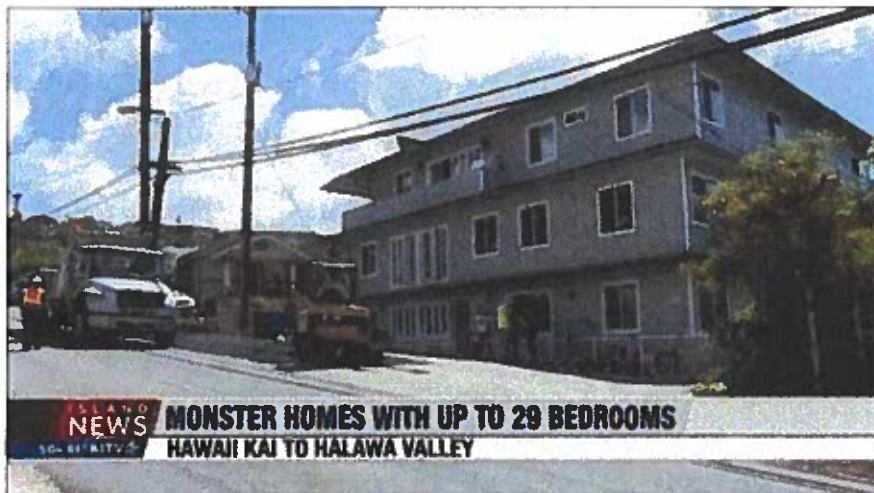
TABLE 2: Kakaako Affordable Rental Housing Projects				
Project Name	No of Units	AMI	Status	Government Funding Source
Halekauwila Place	204	60%	Completed	LIHTC/Free Land/HCDA Gap Financing
440 Keawe Street	88	100%	Completed	GET Exemption
Artspace	84	60%	Under Construction	LIHTC/RHRF/Free Land
Keauhou Lane	209	100%	Completed	GET Exemption/RHRF
Kamakee Vista	225	60%	Completed	LIHTC/RHRF/Free Land
Kauhale Kakaako	267	60%	Completed	LIHTC/RHRF/Free Land
Pohulani	262	60%	Completed	LIHTC/RHRF/Free Land
Na Lei Hulu Kupuna	76	60%	Completed	LIHTC/RHRF/Free Land
Honuakaha	151	60%	Completed	LIHTC/RHRF/Free Land
Hale Kewalo	128	60%	Under Construction	LIHTC/RHRF/Free Land
Nohona Hale	111	60%	Pre-Development	LIHTC/RHRF/\$1 Per Yr lease
680 Ala Moana	54	100%	Completed	Privately Funded

<http://files.hawaii.gov/dbedt/annuals/2016/2016-op-affordable-rental-housing.pdf>



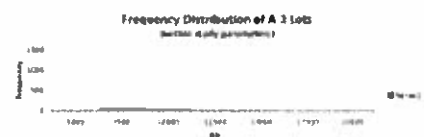
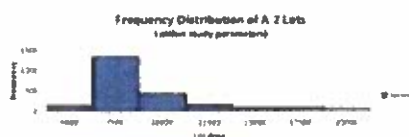
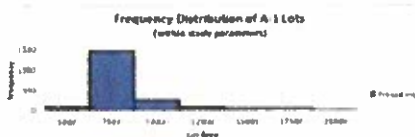
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Current Issues - Large Dwellings (R-Zones)



Current Issues - Small Lots (A-Zones)

Zone	Min Lot Size Standard (sq ft)	Median Lot Size ¹ (sq ft)	No. of Lots in Honolulu ²
A-1	7,500	5,223	4,139
A-2	10,000	5,709	4,868
A-3	15,000	6,828	150
AMX-1	7,500	17,723	13
AMX-2	10,000	5,978	104
AMX-3	15,000	23,461	20



Current Issues - Underutilized Parcels (A-Zones)





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Current Issues - Lower Density (A-zones)

Area	Zone
Ewa Plain Makaha, Militani Mauka, Waipahu	A-1
	A-2
All Other Areas	A-1
	A-2

New
Residential
Bldg Permits
2005-2017

Current Issues - Lower Density (A-zones)

Area	Zone	Occupancy
Ewa Plain Makaha. Mililani Mauka. Waipahu	A-1	One & Two-Family
		Apartment
	A-2	One & Two-Family
		Apartment
All Other Areas	A-1	One & Two-Family
		Apartment
	A-2	One & Two-Family
		Apartment

New
Residential
Bldg Permits
2005-2017

Current Issues - Lower Density (A-zones)

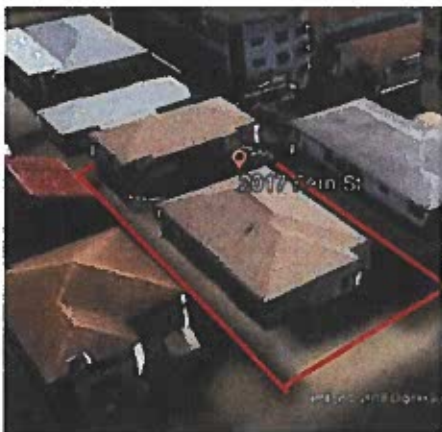
Area	Zone	Occupancy	# of new buildings	%
Ewa Plain Makaha, Militani Mauka Waipahu	A-1	One & Two-Family	458	64%
		Apartment	261	36%
	A-2	One & Two-Family	419	91%
		Apartment	39	9%
All Other Areas	A-1	One & Two-Family	53	96%
		Apartment	2	4%
	A-2	One & Two-Family	178	92%
		Apartment	15	8%

New
Residential
Bldg Permits
2005-2017



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Current Issues - Lower Density (A-zones)



BEFORE



AFTER

- 7,200 sq ft lot
- Built 2013
- From 8 to 3 units
- CPR'd
- Apts Unlikely
- Market for sale

History of Higher Density - 1960's

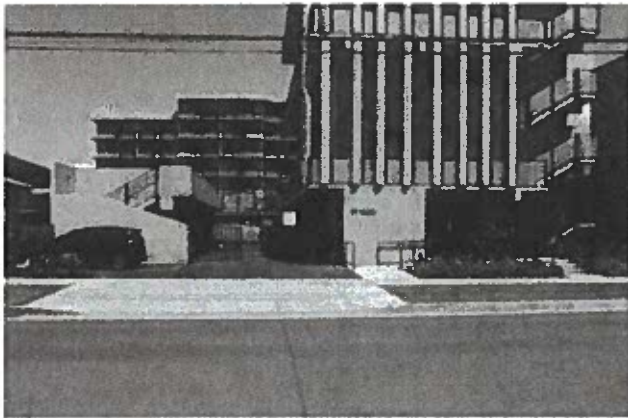


- 6,401 sf lot
- Built 1968
- 15 units
- CPR'd



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History of Higher Density - 2010's



- 12,000 sf lot
- Built 2018
- 9 units
- CPR'd
- Market for sale

History of Higher Density - 2010's



- 20,200 sf lot
- Built 2016
- 35 units
- CPR'd
- Market for sale

History of Higher Density - 2010's



- 14,400 sf lot
- ~2019
- 108 units
(100-120% AMI)
- To be CPR'd
- Affordable for sale



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Current Local Successes



Future Local Successes



Areas of Opportunity

S



M



L



XL



Areas of Opportunity

S



M



L

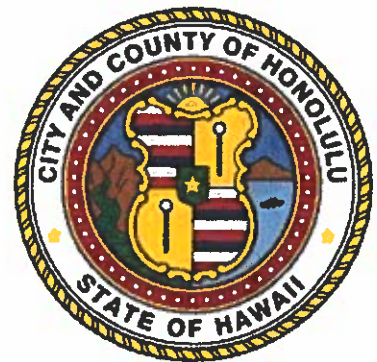


XL



Proposed Zoning Changes - Resolution 18-78 CD1


- 100% Affordable rental housing
- Low-rise multifamily dwellings
 - 60 feet height limit
 - A-, AMX- or BMX-zones
 - 20,000 sq. ft. max. lot size
 - 4.0 FAR
 - No parking / loading





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Resolution 18-78 CD1 vs. Current Zoning Ord.

Zoning Requirement	Minimum Lot Area	Maximum Lot Area	Minimum Lot Width and Depth	Yards - Front	Yards - Side and Rear	Maximum Building Area	Maximum Building Height	Maximum Density (FAR)	Height Setbacks	Off Street Parking	Off Street Loading
Current A-2 Zoning	10,000 SF	None	70 feet	10 feet	10 feet	50 Percent of Zoning Lot	Per Zoning Map (150 feet typ.)	For site = 10k-40k SF $.00002 \times \text{Lot Area} + 1.1$ Example: $(12,000 \times .00002) + 1.1 = 1.34$	Portion of building over 40 feet, each 10 feet in height requires setback of 1 foot  Figure 18-10: Setback Requirements for Buildings	Multi-family 600 SF or less = 1 space 600 to 800 SF = 1.5 spaces 800 SF & over = 2 spaces	20-150 units = 1 space
Proposed Resolution 18-78 CD1	None	20,000 SF	50 feet	None	5 feet	80 Percent of Zoning Lot	60 feet	4.0	None	None	None



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Resolution 18-78 CD1

The **maximum number of affordable rental dwelling units** for each zoning lot is determined by dividing the square footage equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800. and rounding down to the nearest whole number.

Examples:

- 5,000 sf lot X 4.0 FAR = 20,000 ÷ 800 = **25 units**
- 10,000 sf lot X 4.0 FAR = 40,000 ÷ 800 = **50 units**
- 20,000 sf lot X 4.0 FAR = 80,000 ÷ 800 = **100 units**



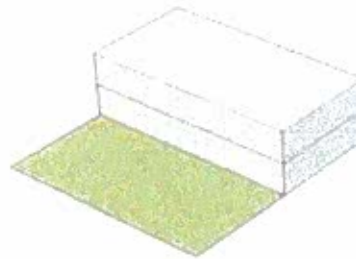
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Zoning Concepts - Floor Area Ratio (FAR)

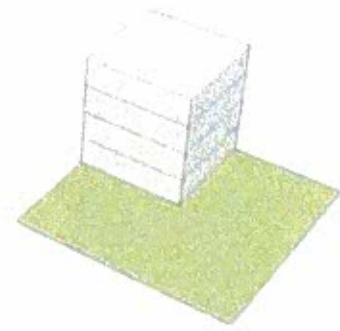
Floor Area Ratio (FAR)
An example of 1.0 FAR



1 storey
(100% lot coverage)



2 storeys
(50% lot coverage)



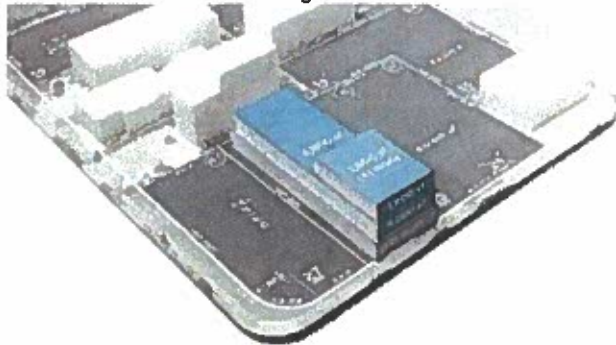
4 storeys
(25% lot coverage)



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Development Comparison (6,000sf)

Allowable under current Zoning Ord.



FAR	.94
Floor Area	5,640 sf
Floor Levels	3
Units	(7) 1Br
Parking	11

Allowable under proposed Resolution 18-78 CD1



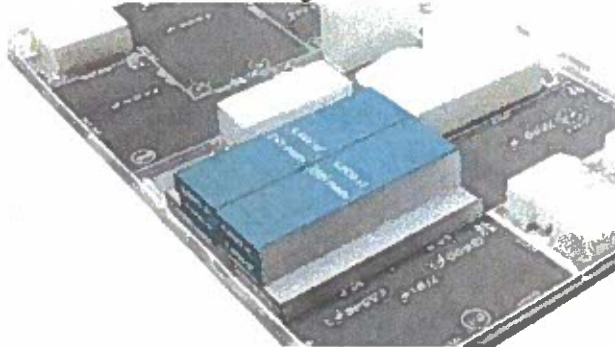
FAR	4.0
Floor Area	24,000 sf
Floor Levels	6
Units	(30) 1Br
Parking	0



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Honolulu

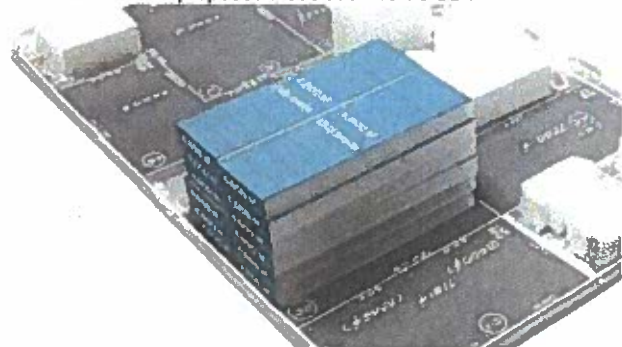
Development Comparison (12,000sf)

Allowable under current Zoning Ord.



FAR	1.34
Floor Area	16,080 sf
Floor Levels	3
Units	(20) 1Br
Parking	30

Allowable under proposed Resolution 18-78 CD1



FAR	4.0
Floor Area	48,000 sf
Floor Levels	6
Units	(60) 1Br
Parking	0

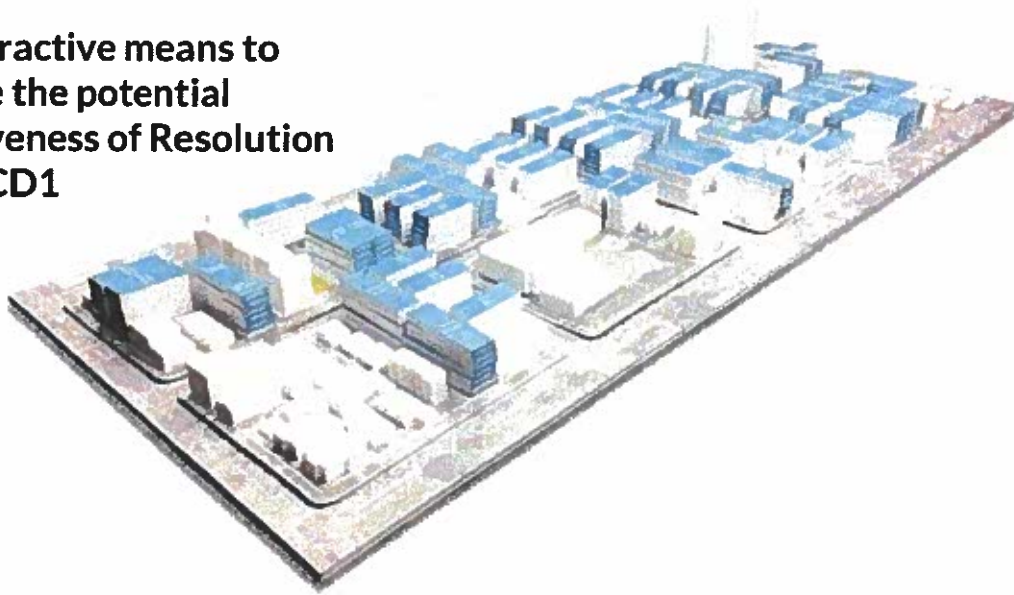


AIA
Honolulu

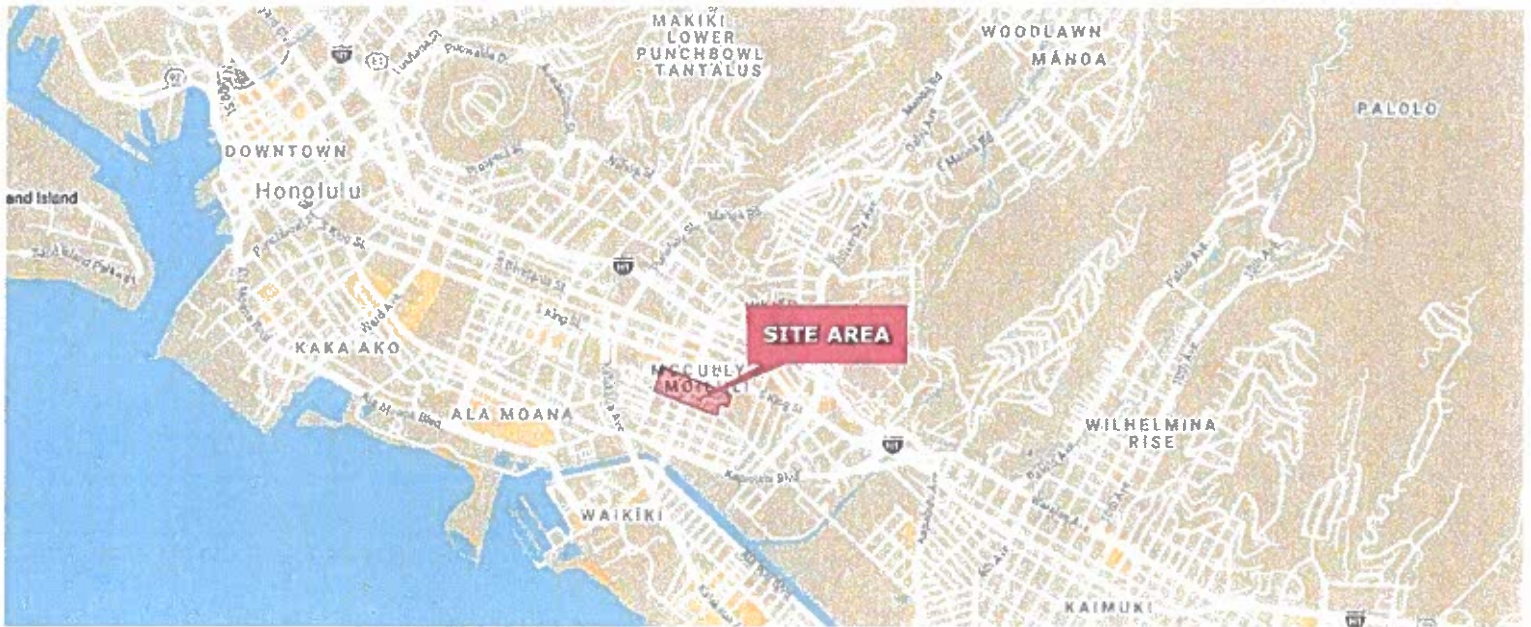
Model Exercise



**An interactive means to
explore the potential
effectiveness of Resolution
18-78 CD1**



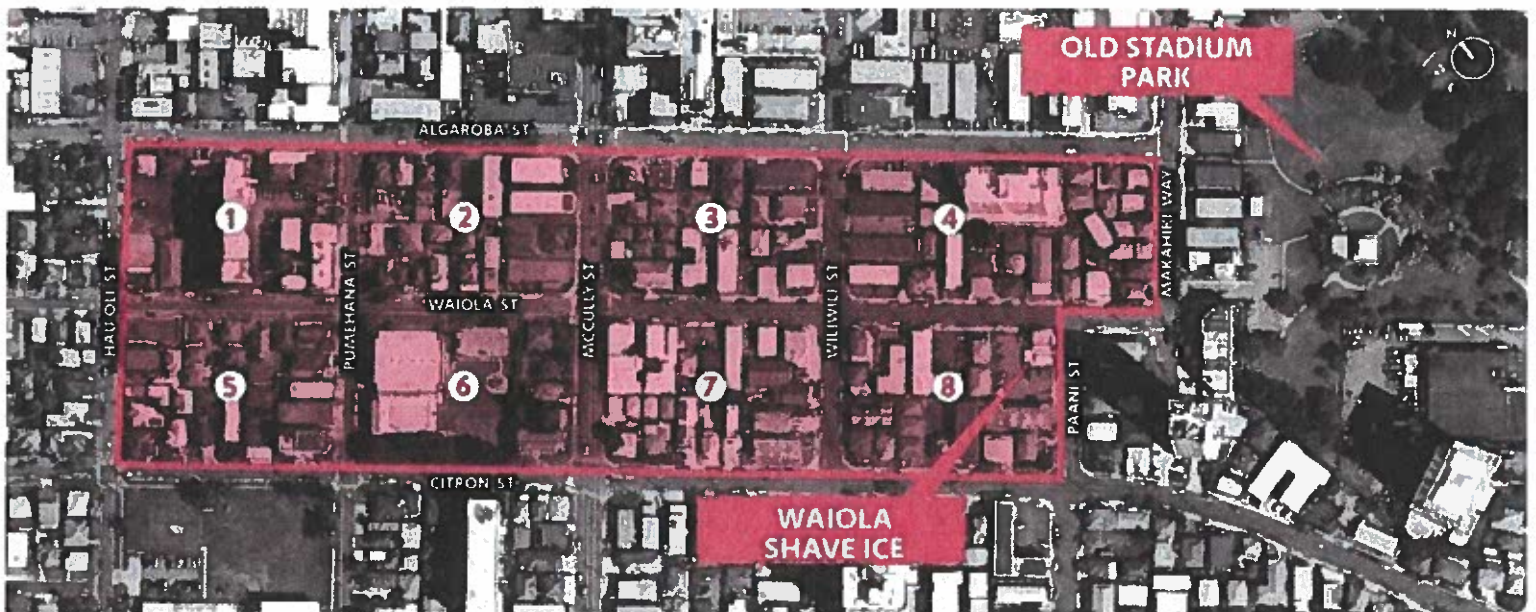
Model Exercise - Location



Model Exercise - Transportation



Model Exercise - Site

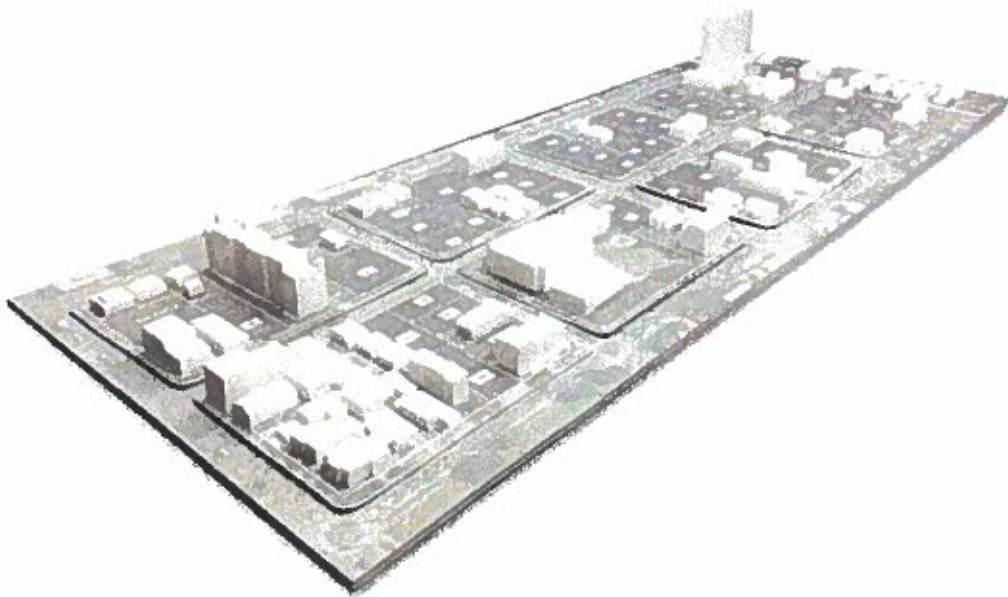


Model Exercise - Site



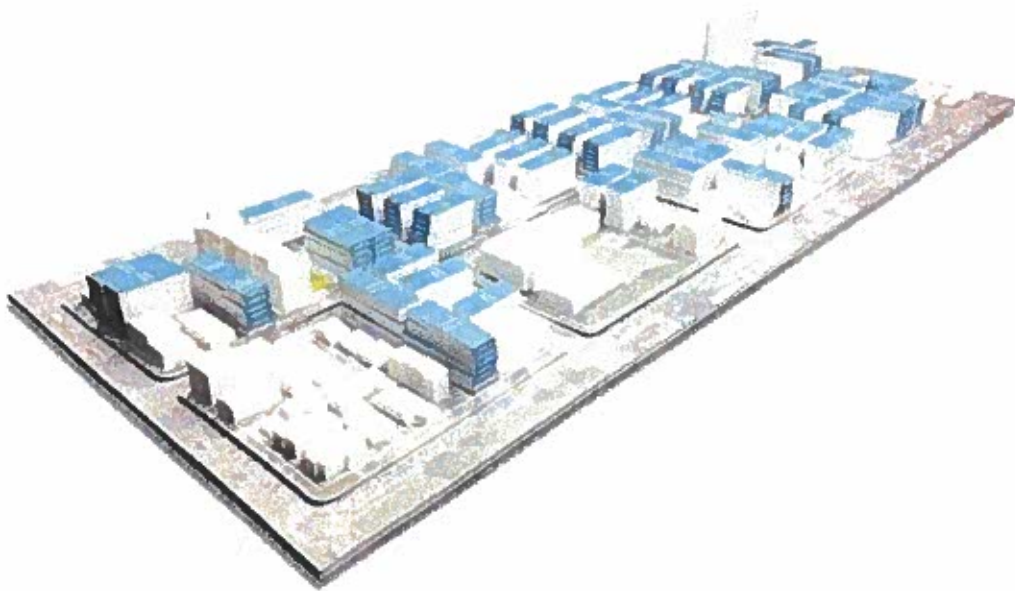


Model Exercise - Site





Model Exercise - Site



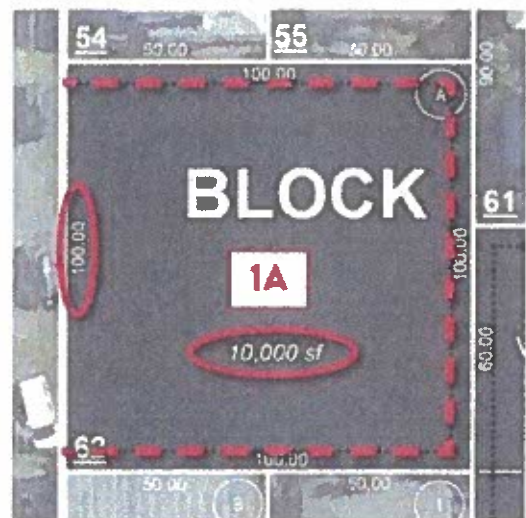
Model Exercise - Steps

- 1. Pair up & pick a parcel**
2. Familiarize yourself with your site
3. Determine if you want parking & how much
4. Select housing blocks
5. Place open space
6. Review the results





3. Determine if you want parking & how much
4. Select housing blocks
5. Place open space
6. Review the results



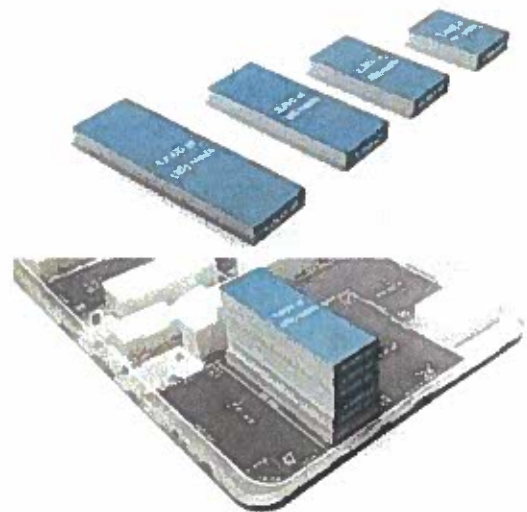
Model Exercise - Steps

- 1. Pair up & pick a parcel**
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4. Select housing blocks
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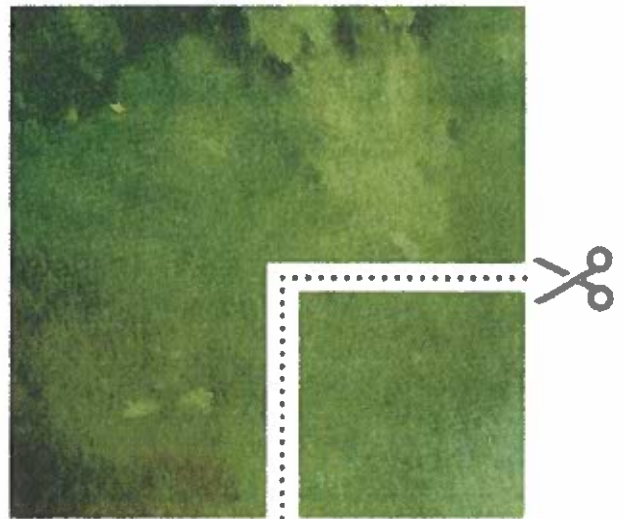
Model Exercise - Steps

- 1. Pair up & pick a parcel**
- 2. Familiarize yourself with your site**
- 3. Determine if you want parking & how much**
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5. Place open space
6. Review the results



Model Exercise - Steps

1. Pair up & pick a parcel
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Model Exercise - Steps

1. Pair up & pick a parcel
2. Familiarize yourself with your site
3. Determine if you want parking & how much
4. Select housing blocks
5. Place open space
6. Review the results

Housing Summary	
Parcel Number _____	
1. Site Area	_____ <small>SF</small> <small>(Plot Area)</small>
2. Max Floor Area	_____ <small>SF</small> <small>(Plot Area x 4.0)</small>
3. Proposed No. of Floors	_____ <small>F</small> <small>(Plot Area / Max Floor Area)</small>
4. Proposed Floor Area	_____ <small>SF</small> <small>(Plot Area x Proposed No. of Floors)</small>
5. Proposed FAR	_____ <small>FAR</small> <small>(Proposed Floor Area / Plot Area)</small>
6. Proposed Module Total	_____ <small>modules</small> <small>(Proposed Floor Area / Module Area)</small>
7. Proposed Unit Total	_____ <small>units</small> <small>(Proposed Module Total x Units per Module)</small>
<div> <div>Studio/Micro</div> <div>_____ <small>units</small> <small>(Proposed Module Total x Studio/Micro Units per Module)</small></div> </div>	
<div> <div>1-Bed</div> <div>_____ <small>units</small> <small>(Proposed Module Total x 1-Bed Units per Module)</small></div> </div>	
<div> <div>2-Bed</div> <div>_____ <small>units</small> <small>(Proposed Module Total x 2-Bed Units per Module)</small></div> </div>	
8. Parking total	_____ <small>spaces</small> <small>(Proposed Unit Total x Spaces per Unit)</small>

Model Exercise - Issues to Consider

- 1. Will the resolution make affordable development more feasible?**
- 2. How does your proposed development relate to the existing buildings and neighboring development?**
- 3. How will reducing parking requirements impact the neighborhood?**
- 4. Is a FAR of 4.0 too high? Is it too low?**
- 5. Can existing infrastructure accommodate the proposed density?**
- 6. What other opportunities or limitations could be integrated into resolution?**



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Honolulu

Model Exercise - Reso 18-78 Rules "Cheat Sheet"

Max. Lot Coverage	= (lot area) x 0.80
Max. Building Height	= 60 feet (with no setbacks)
Max. FAR	= 4.0
Min. Side & Rear Yard Setbacks	= 5 feet
Min. Parking / Loading	= none required
Max. Number of Units	= (lot area) x 4.0 FAR ÷ 800 sf
Unit Sizes:	

- **Studio = 1 module (500 s.f. max.)**
- **1-Bedroom = 2 modules (650 s.f. - 750 s.f. max.)**
- **2-Bedroom = 3 modules (800 s.f. - 1,000 s.f. max.)**



Group Share of Model Exercise Solutions

Recap of opinions and feedback from participants



AIA
Honolulu

Next Steps

- **Feedback to City**
 - <https://www.honolulu.gov/council>
- **Design for Affordability**
- **Construction Costs**
- **Improve feasibility** of low-rise multifamily affordable rental housing projects?



AIA
Honolulu

Encouraging New Models of Affordable Housing

**Mahalo for
participating!**



1132 Bishop Street, #1920 | Honolulu, HI 96813
1-866-295-7282 | Fax: 808-537-2288 | TTY: 1-877-434-7598
aarp.org/hi | hiaarp@aarp.org | twitter: @AARPHawaii
facebook.com/AARPHawaii

February 19, 2019

From: Barbara Kim Stanton
State Director
AARP Hawai'i

Re: Resolution 18-78 CD1, Affordable Rental Housing

On behalf of AARP Hawaii's nearly 150,000 members, we write to submit comments in response to Resolution 18-78, CD1, Proposing Amendments to Chapter 21, Revised Ordinances of Honolulu 1990, as Amended (The Land Use Ordinance), Relating to Affordable Rental Housing. AARP is a nonpartisan, nonprofit, nationwide organization that helps empower people to choose how they live as they age, strengthens communities, and fights for the issues that matter most to families, including the promotion of livable communities.

While AARP is supportive of the Resolution, we also want to take this opportunity to share some areas that deserve more consideration.

By 2030, one in five Americans will be age 50 and older. It is critical that communities address their range of needs now. According to AARP's 2018 Home and Community Preferences survey, nearly 80% of adults age 50 and older want to remain in their communities and homes as they age. Approximately one in three adults report that major modifications to their home are needed to accommodate aging needs. This will require creating more livable communities for people of all ages with affordable and accessible housing options, transportation options (with particular focus on the needs of pedestrians), and amenities people want within walking distance.

It is no secret that Honolulu is facing an unprecedented housing shortage and affordability crisis. The magnitude of housing challenges for low-income residents, in particular, signals a problem in Honolulu that deserves solutions that are both driven by increasing the supply of affordable rental housing supply and land use policies. Indeed, increasing rental housing is critical to address the affordability crisis in the long-term. Moreover, increasing the supply of affordable housing is proven to have the strongest effects on preventing

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DEPT OF PLANNING
AND
COMMUNITY DEVELOPMENT

displacement of low-income households and increasing housing stability for the Island's low-wage workers.

AARP believes the Resolution 18-78, CD1, offers a reasonable policy that will increase the supply of affordable rental housing in the apartment, apartment mixed use, and business mixed use districts. Paired with broader development reform initiatives that increase the capacity for housing overall, AARP urges the City and County of Honolulu to ensure that Honolulu continues to grow in an equitable manner.

We do, however, want to raise some concerns that we believe should be addressed to strengthen this Resolution. For our members and others with mobility challenges, elevators can be an important consideration when choosing where to live or whether they can remain in their current housing. Therefore, we believe the Resolution's elevator requirements – or, more precisely, the lack thereof – should be reconsidered. Similarly, we are concerned that the Resolution's provisions related to stairwells may amount to a shortcut on safety considerations and do not adequately take into consideration the health and safety needs of many residents of rental housing.

One important consideration for residents of rental housing is access to mobility options. While AARP can support not requiring a set aside for parking, so long as there is access to reasonable transit alternatives, other considerations should be made to ensure that residents have access options that will enable them to easily travel to jobs, shopping, healthcare providers, and family and friends. One important way to do that is to ensure that there are adequate bicycle parking facilities, which are not required under this Resolution. If there is no or limited parking, there also needs to be space for residents to easily access services such as Uber and Lyft, or shared automobile services. And, perhaps most importantly, consideration needs to be given to access to public transit, including the siting of nearby bus stops that residents can easily access.

We applaud the overall direction of Resolution 18-78, CD1. We encourage a focus on equity and reducing disparities, as well as an honest examination of how Honolulu got to where it is today. We believe the Resolution is a step in the right direction to addressing the need for more affordable housing for our citizens, including our kupuna.

Thank you for this opportunity to allow AARP to express our views on this important matter.

From: Stanton, Barbara [<mailto:BStanton@aarp.org>]
Sent: Tuesday, February 19, 2019 9:21 PM
To: info@honoluludpp.org
Cc: Silva, Gerald (VOL) <GSilva@aarp.org>; Gary B. Simon <GSimon@stfrancishawaii.org>; Wooley, Jessica <jwooley@aarp.org>; Gima, Craig S <cgima@aarp.org>
Subject: Resolution 18-78, CD1 Affordable Rental Housing

For Planning Commission Hearing, 2/20, 1:30 p.m.

Barbara Kim Stanton
AARP Hawaii
State Director

1132 Bishop St Ste 1920, Honolulu, HI, 96813-2813

Office: (808) 545-6001 | Cell: (808) 223-5136 | Fax: (808) 537-2288 | Email: bstanton@aarp.org | Web:

<http://www.aarp.org/hi>



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PETER S. HO
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

February 20, 2019

Mr. Arthur Challacombe
Chair, Honolulu Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Peter Ho, Chairman, President and CEO of Bank of Hawaii. I commend the effort underway to provide incentives for landowners and developers to build more affordable rental units on lands currently zoned for multi-family dwellings.

In particular, I support the alternate bill and its proposed amendments to the Land Use Ordinance as outlined by Mr. Marshall Hung. These amendments, in essence, would enhance the viability of the draft bill by the Department of Planning and Permitting.

This bill seeks to address the challenges developers have faced in trying to help meet the demand caused by a severe shortage of low- to mid-rise walk-up buildings, which could otherwise accommodate some of our most needy population. We are specifically talking about those earning 100 percent of area median income and less. Under this proposal, monthly rents would be anticipated to be approximately \$1,350 for one-bedroom units, \$1,600 for two-bedroom units, and \$1,750 for three-bedroom units.

This approach would also be a step toward addressing the problem of "monster homes" being built in residentially zoned areas. Another attractive feature of the bill is that it is not contingent upon government subsidy, and can be accomplished by the private sector.

I respectfully encourage your favorable consideration of the proposed amendments as submitted. Thank you for the opportunity to provide this testimony.

Sincerely,

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AND PERMITTING
CITY & COUNTY OF HONOLULU



DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU, HI

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February 8, 2019

Mr. Arthur D. Challacombe, Chair
Honolulu Planning Commission
Department of Planning and Permitting,
650 South King Street, 7th Floor,
Honolulu, HI 96813

Dear Mr. Challacombe,

Subject: Resolution No. 18-78, CD 1, Proposing Amendments to Chapter 21, Revised Ordinances of Honolulu 1990, as Amended (The Land Use Ordinance), Relating to Affordable Rental Housing

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-HAWAII supports the intent of the proposed amendments to the LUO as it attempts to incentivize the construction of more affordable rental housing units in the City's urban core.

We understand that the Department of Planning and Permitting supports the intent of this effort as it would increase the supply of affordable rental housing in the apartment, apartment mixed use, and business mixed use districts through the provision of several incentives and exemptions. This approach could also reduce the use of residential zoned properties currently being developed as "Large Detached Dwellings" (i.e. Monster Houses).

We would suggest that the "enforcement" section of the bill be strengthened as the inability or lack of enforcement is at the root of problems with oversight of illegal vacation rentals and construction of Monster Houses. We see similar enforcement problems with this effort to incentivize the construction of more affordable rental units. The inability to conduct spot site inspections and have the existing tenants provide the documents to prove that they are not using the house for a short term vacation rental, or prove that there are no more than five (5) unrelated people living in a single family residence, have caused an increase in illegal vacation rentals and monster homes. Some type of active enforcement would curb these illegal activities.

For this proposed amendments, we would suggest that the enforcement section address some of the following issues:

- How will the City insure that the project is in compliance with rents and income requirements of the tenants assuming the threshold is 100% AMI?
- What happens to existing tenants whose incomes exceed the 100% AMI threshold?
- How would you check for unauthorized sub-leasing of the unit?

Perhaps the Commission should also look at setting some milestones for production based on DPP's analysis. They found that there are approximately 536 lots with a ratio of 10% or less. Assuming four floors on each lot, with average size of 800 gross square feet per unit, the number of possible units range from 9,800 (at 10% ratio) to 21,000 units (at 30% ratio). Given that this would be a five (5) year pilot or trial period, setting affordable rental housing production goals of 1,960 to 4,200 per year. This would allow for a more transparent means to assess progress in meeting the goal of producing more affordable rental units.

We appreciate the opportunity to provide comments on this matter. Please feel free to contact me at 629-7509, or via e-mail at gqm@biahawaii.org should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "G Marrone", written in a cursive style.

Gladys Marrone, CEO

Building Industry Association of Hawaii

DAVID Y. IGE
GOVERNOR



DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF SCHOOL FACILITIES AND SUPPORT SERVICES

February 15, 2019

TO: Mr. Arthur Challacombe
Chair, Planning Commission

FROM: Dann Carlson
Assistant Superintendent

A handwritten signature in blue ink, appearing to read "Dann Carlson", written over a horizontal line.

SUBJECT: **Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH,
Relating to Affordable Rental Housing**

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

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The Department of Education (DOE) is in strong **support** of the alternate bill submitted by Mr. Marshall Hung. This bill contains many features of the alternate bill being proposed by the Department of Planning and Permitting, but with important differences as pointed out by others who are supporting the Marshall Hung alternate bill.

From year to year, the DOE is plagued with both teacher recruitment and, even more critical, teacher retention issues. The number one issue that always comes to the forefront is affordable housing. This bill would provide an avenue for the development of affordable housing that our teachers could utilize.

The DOE is also in the process of fulfilling the requirements of Act 155. This may result in the availability of excess DOE occupied lands that could capitalize on the benefits of this bill by building affordable teacher housing on their campuses.

Mahalo for the opportunity to provide testimony.

DC:dc



February 12, 2019

Via Email – info@honoluluodpp.org

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, HI 96813

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19 FEB 15 P 4:25

DEPT OF PLANNING
AND ZONING
CITY & COUNTY OF HONOLULU

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Housing

Chair Challacombe & Planning Commission Members,

There is clearly a shortage of residential rental properties in Honolulu, and I am in support of the alternate bill being submitted by Marshall Hung.

The alternate bill will provide necessary incentives for landowners and developers to build needed affordable rental units on properties that are already zoned for multi-family dwellings.

The alternate bill will help create new rental units on properties that may not otherwise be improved. The proposed residential buildings are an efficient use of the land, and the units will be rented by families that are making 100% of the Honolulu AMI or less.

I have over 34 years of experience in real estate, and I am an active member of national real estate associations including ULI and NAIOP. I have worked on a large number of urban renewal projects in Hawaii and on the Mainland, and I sincerely appreciate the opportunity to provide this testimony.

With Aloha,

FIRST HAWAIIAN BANK

A handwritten signature in blue ink, appearing to read "Dan Nishikawa", written over a horizontal line.

Daniel A. Nishikawa
Executive Vice President & Division Manager
Commercial Real Estate Division



Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

20 February 2019

CITY & COUNTY OF HONOLULU
DEPT OF PLANNING
AND PERMITTING
100 SOUTH KING STREET
HONOLULU, HI 96813

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RECEIVED

Re: **IN SUPPORT** of Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Rental Housing

Aloha Chair Challacombe and Members of the Planning Commission,

Thank you for the opportunity to address the commission on this important bill. My name is Ikaika Hussey. I am the chairperson of Iliili, a new cooperative association focused on creating affordable low-carbon housing and transportation, restoring healthy food systems, developing a capable and resilient citizenry, and strengthening the urban core.

I am writing in support of Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Rental Housing. This legislation will ease the way for traditional and non-traditional developers such as Iliili to build affordable rental units on lands already zoned for multi-family dwellings.

This bill focuses on low to mid-rise, walk-up buildings that can be built economically on small lots (sub 20,000 sq. feet). The Department of Planning and Permitting estimates that



 / iliili.org

Iliili is a multi-stakeholder community cooperative working to strengthen our island economy. Our work is focused on creating affordable low-carbon housing and transportation, restoring healthy food systems, developing a capable and resilient citizenry, and strengthening the urban core. Our members are the small pebbles –'ili'ili – which come together to form the foundation of our new island economy.

these proposed changes would allow 14,000 to 21,000 additional units to be built in Apartment-zoned lands. This estimate does not include AMX, B, or BMX lands, so the possible number may in fact be quite higher. This takes us some distance towards the goal of 60,000 new units by the year 2025, all without a government subsidy.

Honorable Commissioners, you are in a position to address several of our island's key problems via this legislation: higher quantities of affordable housing will be made available, which helps to cure market demand; urban in-fill will be accomplished, leading to smarter, denser neighborhoods; and we will see demonstrable improvements in public health and wellness through a more walkable, low-carbon urban landscape which residents of all ages and abilities will be able to utilize. Thank you to the authors of the legislation for their leadership on these issues and to the commissioners for considering it for passage.

Me ke aloha pumehana iā kākou a pau,



Ikaika Hussey
1703 Kuikele Street
Honolulu, Hawaii 96819
808-221-2843



 / ilili.org

Ilili is a multi-stakeholder community cooperative working to strengthen our island economy. Our work is focused on creating affordable low-carbon housing and transportation, restoring healthy food systems, developing a capable and resilient citizenry, and strengthening the urban core. Our members are the small pebbles —*ilili*— which come together to form the foundation of our new island economy.

Jacob R. Fergus

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125 MERCHANT STREET, SUITE 200
HONOLULU, HAWAII 96813
TELEPHONE (808) 545-1700
FAX (808) 545-1788

19 FEB 14 P2:31

February 11, 2019

Via email to info@honoluludpp.org

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to
Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Jacob Fergus and I work at a commercial real estate company in Honolulu.

I am writing in support of the alternate bill being submitted by Marshall Hung which contains many of the features of the alternate bill being proposed by the Department of Planning and Permitting, but with important differences as pointed out by others who are supporting the Marshall Hung alternate bill.

This bill will provide incentives for landowners and developers to build vitally needed affordable rental units on lands already zoned for multi-family dwellings.

Why is this important?

#1 – there is a huge need for affordable rental units. This is one area of the housing market that has been neglected because it has been too hard to build these units and still make a return on the investment. This bill would change that by focusing on low to mid-rise, walk-up buildings that can be built economically, much like they were in the '50s and '60s. The rental apartments that will be built are to be 100% rented to those making 100% of the Honolulu AMI and less. This equates to \$81,700 for a single person to \$116,600 for a family of four. We anticipate that monthly rents would be approximately \$1,350 for one-bedroom units, \$1,600 for two-bedroom units, and \$1,750 for three-bedroom units.

#2 – these units will be built on lands already zoned for apartments so the conflicts that we see with monster homes being built in residentially zoned areas will be eliminated. These monster homes are being built in residential areas because there is a need for more affordable housing and that is one way that the private sector will move to meet the demand. This bill provides a better solution.

What is the potential number of units that could be built?

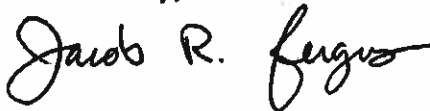
DPP looked at this and estimated that between 14,000 and 21,000 additional units could be built in Apartment zoned lands with these kinds of incentives. This estimate does not include Apartment Mixed Use land, Business zoned lands, or Business Mixed-Use lands, so the possible number of additional units is in excess of DPP's estimate. This also does not include development on public school lands which we are also proposing as a way to help stem the shortage of teachers who are leaving the DOE because of the lack of affordable housing. This development would take place over a number of years and would make a huge dent in our currently estimated shortage of 65,000 to 85,000 units by the year 2025.

And the beauty of this bill is that there is no government subsidy involved. This will all be done by the private sector. If, however, government financing is involved, the rental rates may be lower but additional governmental conditions and restrictions deemed unduly burdensome to private landowners may be imposed.

This bill is certainly a step in the right direction to provide more badly needed affordable rental housing on Oahu.

Thank you for the opportunity to submit this testimony.

Yours Truly,

A handwritten signature in black ink that reads "Jacob R. Fergus". The signature is written in a cursive, flowing style.

Jacob R. Fergus

February 14, 2019

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Via email to info@honoluludpp.org

19 FEB 14 P2:31

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Re: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to
Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Ken Matsuura and I am a Real Estate Developer and Investor.

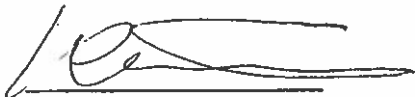
I am writing in support of the alternate bill being submitted by Marshall Hung which contains many of the same features as the bill being proposed by the Department of Planning and Permitting, but contains important differences which influences and drives more flexibility, stimulates creativity and generates economic feasibility by producing an acceptable return on investment for the private sector.

This alternate bill by Marshall Hung will provide strong incentives for landowners, developers and investors to build sorely needed affordable rental units on lands already zoned for multi-family dwellings.

This alternate bill by Marshall Hung is a big step toward the right path and direction to yield more substantially needed affordable rental housing on Oahu.

Thank you for the opportunity to submit this testimony.

Aloha,



Ken Matsuura

From: Dale K. Nishikawa [<mailto:dalen@marcusrealty.com>]

Sent: Friday, February 15, 2019 12:23 PM

To: info@honoluludpp.org

Subject: Resolution 18-78, CD1, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Rental Housing, In Support of Marshall Hung alternative bill

Chair Challacombe and Members of the Planning Commission,

My name is Dale Nishikawa and I am the CEO of Marcus and Associates, Inc. We are a full-service real estate brokerage, property management, construction and plumbing company doing business in Hawaii since 1971.

I am writing in support of the alternate bill submitted by Marshall Hung. While Mr. Hung's bill contains many of the features of the alternate bill proposed by DPP, his bill has important differences which will be critical insuring that the primary objective of these bill is achieved, namely more affordable housing for our people. Others will have already provided you and the Commission with the details of the differences between Mr. Hung's bill and the DPP version. These differences are critical in maximizing the number of units that will eventually be built and provide much needed affordable housing. I urge you to consider the alternate bill as proposed by Mr. Hung.

Respectfully submitted,

Dale Nishikawa
Chief Executive Officer

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19 FEB 15 P 3:12
DEPT OF PLANNING
AND COMMUNITY
CITY & COUNTY OF HONOLULU

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
HAWAII CHAPTER

February 19, 2019

Arthur D. Challacombe, Chair
Planning Commission
City & County of Honolulu

RE: **Resolution No. 18-78, CD1**
Hearing date – February 20, 2019 at 1:30 pm

Aloha Chair Challacombe and members of the Planning Commission,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT** of Resolution No. 18-78. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Resolution No. 18-78 seeks to amend the Land Use Ordinance to incentivize development in the apartment mixed use and business mixed use districts to increase the number of affordable rental housing units. NAIOP Hawaii strenuously supports the Department's efforts to improve the opportunities to bring more affordable housing to Hawaii. However, we urge the Planning Commission to pass the original LUO amendments proposed in Resolution No. 18-78, rather than the CD1 version.

The original version of Resolution No. 18-78 includes various provisions that will better promote the redevelopment of underutilized multi-family zoned properties by providing incentives for landowners to tear down their existing structures and build vitally needed higher density affordable rental units. In addition, the original version of Resolution No. 18-78 did not require any government subsidies. While the legislation should not preclude the use of subsidies, based on preliminary estimates, there may be no need for these subsidies. We should let the market determine if the cost and risk can be borne entirely by the private sector, and if so, additional government subsidies can be preserved for projects in land use zones outside the purview of this bill.

Mahalo for your consideration,

Scott Settle, Director
NAIOP Hawaii

RECEIVED
19 FEB 20 09:07
CITY & COUNTY OF HONOLULU
DEPT. OF PLANNING
APPROPRIATE DIVISION

Introduce self, 40+ years HDCC, Director of Preconstruction, worked with many local developers like Marshall Hung, Stanford Carr, A&B, KS, Christine Camp, etc.

I have watched urban Honolulu develop. Seen the struggle and difficulty developers have had in building affordable units.

- In Kakaako under HCDA it has long been that those who build market or luxury units have to build 20% affordable. Typically, these are “for sale” condos and not rentals. Similar trend has continued outside of Kakaako in the TOD areas.
- But we all know that in order to offer these “20% affordable” units, developers have had to subsidize it through their sales of the market units. Or they have had to use government financing and tax breaks, 201H or request other forms of financing just to make their projects financially feasible. And normally these projects take years to get off the ground. I worked with Stanford Carr for over 4-1/2 years to get Halekauwila Place started. THESE PROCESSES ARE COMPLEX AND DIFFICULT TO MANEUVER.
- And while true that there are some large developments that we are looking at remaster plan like Mayor Wright, Lanakila, KPT, 690 Pohukaina, etc. or from TOD that will help fill the shortage. But those are not quick or easy solutions, they take years and years to plan and develop. 4-5year or more is not unusual.
- What this means is that it is not and has rarely been profitable to build affordable units, let alone affordable rental units without subsidizing the project or getting government financing.

If we need to get more affordable housing built, we need to have a product that developers, through private financing, can easily understand and maneuver. Plus, it needs to be a product that can be built cost effectively. That product once existed but is no longer being built. That is the low rise, walk-up affordable rental apartment buildings that we built in the late 60s thru 80s all over the island, especially in Makiki, McCully, Punchbowl, Liliha, Waikiki, etc.

- Reason being the building and zoning codes do not favor such a product any longer. Special design districts have been put in place, codes have been tailored for larger developments such as mid-rise and high-rise buildings, and so the low-rise apartment rentals are like a dinosaur in our industry. Added fire and life safety has been added for small developments the same as for large developments.
- Yet this is a product that so many of us have grown up in, lived in, got our start in before we moved up into a larger condominium unit or single-family house. So why not allow this product to be developed again and fill our need for low-rise rental affordable units?
 - You will hear statistic as to how many small lots are currently sitting with only an old 40-50 year old single family house.
 - The family or trust that now owns that piece of property does not know what to do with it because if they were to try to develop it, they could probably get only a 2-story duplex on it at most. And that’s what some of them do with their property.
- And with current zoning that typically allows for 5000 sf lot FAR A3 of 1.3 + 60% lot coverage + 30’ height or less, that means on a 5000 sf lot you can get 8 units in a 2 story building. For A2 with FAR 0.85 you get 5 units. If you add today’s cost to build, the numbers will not work out and these small lots will continue to remain under-utilized and not contribute to be a solution to our affordable rental housing shortage.

BUT I REALLY WANT TO TALK ABOUT COST.

- Standard house — \$175/sf x 900 sf = \$158,00 per unit
- 2-story duplex — \$200/sf x 900 sf = \$180,000 per unit
- Halekauwila Place — \$310/sf + Pkg \$100/sf @ 900 sf/unit = \$280,000 per unit + Pkg at \$45k/unit = Top out at \$325,000 per unit. That’s not taking into account financial govt assistance given to the project.
- Hale Kewalo (128 units) — \$320,000 also not taking into account financial govt assistance given.
- 801 South Street — \$275/sf + Pkg for average 1,000 sf/ per unit = \$320,000 per unit

- Affordable Rental Housing — \$225/sf
 - 5000 sf lot = 25 units @ 800 sf/each x \$225/sf = \$180,000 per unit (44% less)
 - 5000 sf lot = 25 units @ 738 sf/each x \$225/sf = \$166,000 per unit (50% less)
 - No government financing. That money is still available for other projects to use.

But to **make the cost work**, we need to get back to how we were able to design and build units 30 years ago. Those buildings are still strong and standing. May have 8 coats of paint on the CMU wall, but still solid.

- Those were simple structures — CMU walls painted, simple span concrete decks
- Non-high performance windows — not like the double pane insulated glass, Low E coating, high visible light transmittance (VLT)... versus jalousies, single pane windows, sliding windows. And I don't recall major issues with jalousies and tinted glass.
- Build on 80% of the lot size versus 50% or 60%. More buildable area. Increase FAR from 0.85 to 4.0.
- Relax landscaping and front yard requirements for the sake of having more affordable units being built.

And some of the huge deal breakers to make such walkup affordable rental apartments work are...

- No elevator. Continue to meet all FHA requirements. IBC 2006 calls for elevator above 4 floors if need an accessible floor.
- Provide fire sprinkler but not to the same degree we are doing in mid and high rise. Allow a design for a hybrid NFPA13R system where we can tap off the domestic water line for the sprinkler heads versus having to run a separate fire line throughout the entire building.
- Provide electrified smoke alarms in all units at kitchen and bedrooms.
- Provide fire alarm system via a pull box on each floor.
- If these life safety systems sound reasonable, and they are certainly 100% more than those existing older buildings have, can we not allow a product like this to move forward? (DPP Ordinance wants the same degree of life and fire safety for a 40 floor high rise as for a 5 story walk up.)

So this bill can potentially provide a good solution to our AFFORDABLE RENTAL APARTMENT HOUSING SHORTAGE. As currently written though, it may not get us there because some of the heavy cost issues have not been incorporated into this bill.

AND COST IS EVERYTHING! Every single line item in the budget, the width of the stair, the type of glass in the window, the type of railing allowed at the corridors (1 hour rated or simple picket rails as we see on so many buildings), all add up to the bottom line of whether developers will latch on to this bill and start building 500 units a year.

And I want to say, our construction industry has a gap in builders who can step up and build cost efficiently this product type. The previous small to mid-size contractors who built the 1000's of units 20-30 years ago have gone away, retired, and in no small part because this product disappeared. Now we have large GC and the small house-builder. But nothing in-between. We need to encourage this gap to be filled by proving a product that we all can start producing again as a SOLUTION TO OUR AFFORDABLE RENTAL APARTMENT HOUSING SHORTAGE.

Thank you.

Newton JK Chung

Mobile: (808) 224-1748

Email: NJKChung@gmail.com

DEPT OF PLANNING
AND
CITY & COUNTY OF HONOLULU

19 FEB 21 AM 10:09

RECEIVED

RMH Real Estate, LLC
215 N. King Street, Suite 1000
Honolulu, Hawaii 96817
Phone (808) 526-2027 x2 Fax (808) 526-2066

February 14, 2019

Via email to info@honoluluodpp.org

Mr. Arthur D. Challacombe, Chair
Planning Commission – City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU, HI

19 FEB 15 AM 1:08

RECEIVED

**Re: Resolution No. 18-78, CD1
Amendment to Chapter 21, ROH, Relating to Affordable Rental Housing**

Dear Chair Challacombe and Members of the Planning Commission:

My name is Ryan Harada and I am a real estate developer focusing on affordable housing. I am writing in support of the alternate bill being submitted by Marshall Hung. This bill contains many of the features proposed by the Department of Planning and Permitting, but with important differences designed to increase the supply of affordable rentals.

This bill will provide incentives for landowners and developers to build much needed affordable rentals on lands already zoned for multi-family dwellings. As you know, this type of housing has been neglected due to the high cost of land and construction, and the nominal return on investment for the developer. This bill would change that by focusing on low- to mid-rise walk-up buildings that can be built efficiently.

In addition, there are no government subsidies involved. The private sector provides the capital and occupants will be those making up to 100% of the Honolulu AMI. In summary, this bill provides developers and landowners needed incentives aimed at spurring construction of affordable rentals.

Thank you for considering my testimony.

RMH Real Estate, LLC

By: 

Name: Ryan M. Harada
Its: Manager



DISABILITY AND COMMUNICATION ACCESS BOARD

1010 Richards Street, Room 118 • Honolulu, Hawaii 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • TTY (808) 586-8162

February 15, 2019

Mr. Arthur D Challacombe
Chairperson
Planning Commission
City and County of Honolulu
650 South King Street
Seventh Floor
Honolulu, HI 96813

RECEIVED
19 FEB 15 PM 3:00
CITY & COUNTY OF HONOLULU
DEPT OF PLANNING
AND COMMUNITY DEVELOPMENT

Regarding: City and County of Honolulu, City Council Resolution 18-78 CD1

Dear Chair Challacombe,

The Disability and Communication Access Board (DCAB) would like to thank you for the opportunity to provide testimony regarding Resolution 18-78 CD1. The purpose of this testimony is to ensure that the proposed changes will not negatively impact opportunities for persons with disabilities.

Although the Public Notice indicated that the Planning Commission is expected to take action only on Section 1 and 2 and Section 3, Articles 1 and 2 of the proposed bill, DCAB would like to bring to your attention an issue regarding the proposed building height provisions.

Our review of Resolution 18-78 CD1, Section 5 Chapter 21, Article 5 will allow residential structures up to six stories high to be built without elevators. All multifamily housing projects are required to comply with applicable Fair Housing Act (FHA) and Americans with Disabilities Act (ADA) requirements. While DCAB supports the intent to provide incentives to create more affordable housing, we would oppose a change to increase the height limit for multifamily housing developments without elevators. While the development of low-rise multifamily housing without elevators will create more affordable housing options, persons with disabilities will not be able to access a majority of those units. This provision will create a smaller ratio of units that are available for persons with disabilities. The population of Hawaii is aging which will increase the number of persons with disabilities. DCAB would support a proposal that creates more affordable housing if it also addresses the need for more accessible housing options.

The above reflects DCAB's advice and recommendations for the City and County of Honolulu's Resolution 18-78 CD1.

Should you have any further questions, please feel free to contact Duane Buote, Facility Access Coordinator at (808) 586-8121.

Sincerely,

FRANCINE WAI
Executive Director

HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

February 19, 2019



RECEIVED
19 FEB 21 AM 10:08
DEPT OF PLANNING
CITY & COUNTY OF HONOLULU

Mr. Arthur Challacombe
Chair, Planning Commission
City & County of Honolulu
530 South King Street
Honolulu, Hawaii 96813

Re: Resolution 18-78, CDI, Proposing Amendments to Chapter 21, ROH, Relating to Affordable Rental Housing

Chair Challacombe and Members of the Planning Commission,

My name is Calvin K.Y. Say and I am a State Representative of District 20.

I am writing in support of the alternate bill being submitted by Marshall Hung which contains many of the features of the alternate bill being proposed by the Department of Planning and Permitting, but with important differences as pointed out by others who are supporting the Marshall Hung alternate bill.

This bill will provide incentives for landowners and developers to build vitally needed affordable rental units on lands already zoned for multi-family dwellings.

Why is this important?

#1 —there is a huge need for affordable rental units. This is one area of the housing market that has been neglected because it has been too hard to build these units and still make a return on the investment. This bill would change that by focusing on low to mid-rise, walk-up buildings that can be built economically, much like they were in the '50s and '60s. The rental apartments that will be built are to be 100% rented to those making 100% of the Honolulu AMI and less. This equates to \$81,700 for a single person to \$116,600 for a family of four. We anticipate that monthly rents would be approximately \$1,350 for one-bedroom units, \$1,600 for two-bedroom units, and \$1,750 for three-bedroom units.

#2 —these units will be built on lands already zoned for apartments so the conflicts that we see with monster homes being built in residentially zoned areas will be eliminated. These monster homes are being built in residential areas because there is a need for more affordable housing and that is one way that the private sector will move to meet the demand. This bill provides a better solution.

Speaker Emeritus Calvin K.Y. Say

District 20 - St. Louis Heights | Palolo Valley | Maunalani Heights | Wilhelmina Rise | Kaimuki
Hawaii State Capitol, Room 433 | Honolulu, Hawaii 96813
Phone : (808) 586-6900 | Email: repsay@capitol.hawaii.gov

What is the potential number of units that could be built?

DPP looked at this and estimated that between 14,000 and 21,000 additional units could be built in Apartment zoned lands with these kinds of incentives. This estimate does not include Apartment Mixed Use land, Business zoned lands, or Business Mixed-Use lands, so the possible number of additional units is in excess of DPP's estimate. This also does not include development on public school lands which we are also proposing as a way to help stem the shortage of teachers who are leaving the DOE because of the lack of affordable housing. This development would take place over a number of years and would make a huge dent in our currently estimated shortage of 65,000 to 85,000 units by the year 2025.

And the beauty of this bill is that there is no government subsidy involved. This will all be done by the private sector. If, however, government financing is involved, the rental rates may be lower but additional governmental conditions and restrictions deemed unduly burdensome to private landowners may be imposed.

This bill is certainly a step in the right direction to provide more badly needed affordable rental housing on Oahu.

Thank you for the opportunity to submit this testimony.

Sincerely,

A handwritten signature in black ink that reads "Calvin K.Y. Say". The signature is written in a cursive, flowing style.

Calvin K.Y. Say
Speaker Emeritus
Hawaii State House of Representatives

Resolution 18-78, CD 1



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 18-78, CD1

RESOLUTION

PROPOSING AMENDMENTS TO CHAPTER 21, REVISED ORDINANCES OF HONOLULU 1990 (THE LAND USE ORDINANCE), RELATING TO DEVELOPMENT IN THE APARTMENT, APARTMENT MIXED USE, AND BUSINESS MIXED USE DISTRICTS TO INCREASE THE SUPPLY OF AFFORDABLE RENTAL HOUSING IN LOW-RISE MULTIFAMILY DWELLINGS, AND REDUCE THE PROLIFERATION OF MONSTER HOMES.

WHEREAS, the zoning maps and the Land Use Ordinance ("LUO") of the City and County of Honolulu ("City") establish zoning districts and zoning district regulations for the utilization of land in the City pursuant to Section 6-1514 of the Revised Charter of the City and County of Honolulu 1973 (2017 Edition) ("Charter"); and

WHEREAS, each zoning district is designated for certain uses and restricted for other uses in order to encourage orderly development in accordance with adopted land use policies, including the Oahu general plan, and the applicable development plans or sustainable community plans, and to promote and protect the public health, safety, and welfare; and

WHEREAS, a critical shortage of affordable housing in the City continues to push residents to leave the City for the mainland or into homelessness, and negatively affects the economic prosperity and quality of life for all residents; and

WHEREAS, the apartment zoning districts are generally intended for development of multifamily dwelling units, including low-rise and high-rise apartment buildings, and are a critical component in the development of affordable housing in the City; and

WHEREAS, it is estimated that approximately 95 percent of the housing stock in low-rise apartment buildings was built more than 40 years ago, and need to be renovated or reconstructed; and

WHEREAS, it is estimated that it may be possible to build approximately 14,000 to 21,000 additional dwelling units if certain amendments are made to the development standards for low-rise multifamily dwellings in the apartment, apartment mixed use, and business mixed use zoning districts; and

WHEREAS, Charter Section 6-1513 provides that "[a]ny revision of or amendment to the zoning ordinances may be proposed by the council and shall be processed in the same manner as if proposed by the director [of planning and permitting]"; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. **18-78, CD1**

RESOLUTION

WHEREAS, the term "zoning ordinances," as used in Charter Section 6-1513, includes both amendments to the LUO and to ordinances designating particular parcels of property in terms of the LUO; and

WHEREAS, ROH Chapter 2, Article 24, Part A, establishes procedures and deadlines for the processing of City Council ("Council") proposals to revise or amend the general plan, the development plans (including the sustainable communities plans), the zoning ordinances, and the subdivision ordinance, and clarifies the responsibility of the Director of Planning and Permitting to assist the Council in adequately preparing its proposals for processing; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Director of Planning and Permitting, and the Planning Commission are directed, pursuant to Charter Section 6-1513, and ROH Chapter 2, Article 24, Part A, to process the proposed amendment to ROH Chapter 21 (the "Land Use Ordinance"), attached hereto as Exhibit A, in the same manner as if the proposal had been proposed by the Director; and

BE IT FURTHER RESOLVED that the Director of Planning and Permitting is directed to inform the Council upon the transmittal of the Director's report and the proposed Land Use Ordinance amendment to the Planning Commission; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 18-78, CD1

RESOLUTION

BE IT FINALLY RESOLVED that, pursuant to ROH Chapter 2, Article 24, Part A, the Clerk shall transmit copies of this resolution and the Exhibit attached hereto to the Director of Planning and Permitting, and the Planning Commission, and shall advise them in writing of the date by which the Director's report and accompanying proposed ordinance are required to be submitted to the Planning Commission.

INTRODUCED BY:

Kymberly Pine

DATE OF INTRODUCTION:

April 3, 2018
Honolulu, Hawaii

Councilmembers

EXHIBIT A



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL _____

A BILL FOR AN ORDINANCE

RELATING TO DEVELOPMENT OF LOW-RISE MULTIFAMILY DWELLINGS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to increase development opportunities for affordable rental units in low-rise multifamily dwellings in the apartment, apartment mixed use, and business mixed use districts, and reduce the proliferation of monster homes in the residential districts.

SECTION 2. Table 21-3, Revised Ordinances of Honolulu 1990 ("Master Use Table"), is amended by amending the "Dwellings and Lodgings" category to add a "Dwellings, affordable rental low-rise multifamily" use category to read as follows:

**"TABLE 21-3
MASTER USE TABLE**

In the event of any conflict between the text of this Chapter and the following table, the text of the Chapter shall control. The following table is not intended to cover the Waikiki Special District; please refer to Table 21-9.6(A).

KEY: Ac = Special accessory use subject to standards in Article 5
Cm = Conditional Use Permit-minor subject to standards in Article 5; no public hearing required (see Article 2 for exceptions)
C = Conditional Use Permit-major subject to standards in Article 5; public hearing required
P = Permitted use
P/c = Permitted use subject to standards in Article 5
PRU = Plan Review Use

ZONING DISTRICTS																	
USES (Note: Certain uses are defined in Article 10.)	P-2	AG-1	AG-2	Country	R-20, R-10	R-7.5, R-6, R-3.5	A-1	A-2	A-3	AMX-1	AMX-2	AMX-3	Resort	B-1	B-2	BMX-3	BMX-4
DWELLINGS AND LODGINGS																	
<u>Dwellings, affordable rental low-rise multifamily.</u>							P/c	P/c	P/c	P/c	P/c	P/c				P/c	P/c



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL _____

A BILL FOR AN ORDINANCE

SECTION 3. Chapter 21, Article 5, Revised Ordinances of Honolulu 1990 ("Specific Use Development Standards"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Sec. 21-5. Dwellings, affordable rental low-rise multifamily.

- (a) The purpose of this section is to encourage the development of affordable rental units in low-rise multifamily dwellings in the apartment, apartment mixed use, and business mixed use districts. In order to increase the supply of affordable rental housing, and reduce the proliferation of excessively large homes in the residential districts.
- (b) Affordable rental low-rise multifamily dwellings located in the A-1, A-2, A-3, AMX-1, AMX-2, AMX-3, BMX-3, and BMX-4 districts are subject to the following development standards and off-street parking and loading requirements:

<u>Development Standard</u>	<u>Requirement</u>
<u>Maximum lot area</u>	<u>20,000 sq. ft.</u>
<u>Minimum lot width and depth</u>	<u>50 ft.</u>
<u>Minimum side and rear yards</u>	<u>5 ft.</u>
<u>Maximum building area</u>	<u>80 percent of the zoning lot</u>
<u>Maximum building height</u>	<u>60 feet</u>
<u>Maximum density (FAR)</u>	<u>4.0</u>
<u>Height setbacks</u>	<u>None</u>
<u>Off-street parking</u>	<u>None</u>
<u>Off-street loading</u>	<u>None</u>

(See Figure 21-5 for examples.) All other applicable development standards and off-street parking and loading standards established by this chapter, not in conflict with the foregoing, will continue to apply.

- (c) The maximum number of affordable rental dwelling units for each zoning lot is determined by dividing the square footage equivalent of the maximum allowable FAR for that zoning lot, excluding any public open space bonus FAR, by a factor of 800, and rounding down to the nearest whole number.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL _____

A BILL FOR AN ORDINANCE

- (d) The parking lot, if any, for an affordable rental low-rise multifamily dwelling may extend into the side and rear yards if 100 percent of the front yard is landscaped.
- (e) The maximum size of an affordable rental dwelling unit in an affordable rental low-rise multifamily dwelling is as follows:

<u>Number of Bedrooms and Bathrooms</u>	<u>Maximum Floor Area (square feet)</u>
<u>Studio with 1 bathroom</u>	<u>500</u>
<u>One bedroom with 1 bathroom</u>	<u>650</u>
<u>One bedroom with 1.5 bathrooms</u>	<u>700</u>
<u>One bedroom with 2 bathrooms</u>	<u>750</u>
<u>Two bedrooms with 1 bathroom</u>	<u>800</u>
<u>Two bedrooms with 1.5 bathrooms</u>	<u>900</u>
<u>Two bedrooms with 2 bathrooms</u>	<u>1,000</u>
<u>Three bedrooms with 1.5 bathrooms</u>	<u>1,100</u>
<u>Three bedrooms with 2 bathrooms</u>	<u>1,200</u>
<u>Three bedrooms with 2.5 bathrooms</u>	<u>1,250</u>
<u>Four bedrooms with 2 bathrooms</u>	<u>1,300</u>
<u>Four bedrooms with 2.5 bathrooms</u>	<u>1,350</u>

SECTION 4. Chapter 21, Article 5, Revised Ordinances of Honolulu 1990 ("Specific Use Development Standards"), is amended by adding a new figure entitled "Affordable Rental Low-Rise Multifamily Dwelling--Examples of Maximum Building Area and Yards," to be appropriately designated by the Revisor of Ordinances and to read as follows:



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

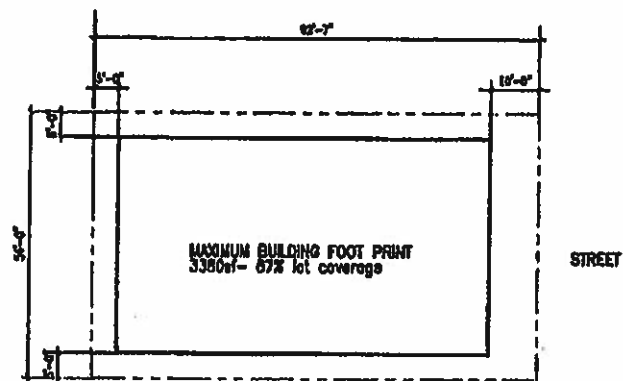
ORDINANCE _____

BILL _____

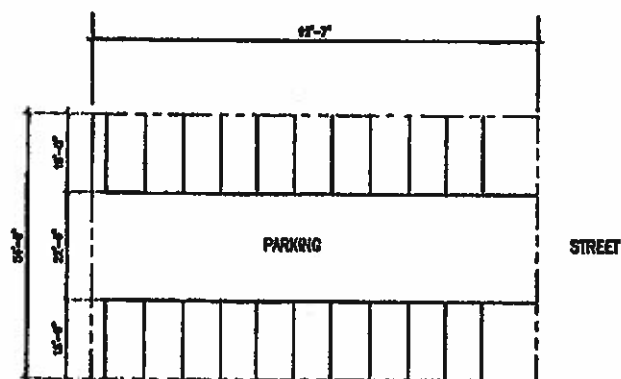
A BILL FOR AN ORDINANCE

"Figure 21-5.____
AFFORDABLE RENTAL LOW-RISE MULTIFAMILY DWELLING--EXAMPLES OF
MAXIMUM BUILDING AREA AND YARDS

5,000 SQUARE FOOT LOT



PLOT PLAN



PLOT PLAN
5000 SF LOT



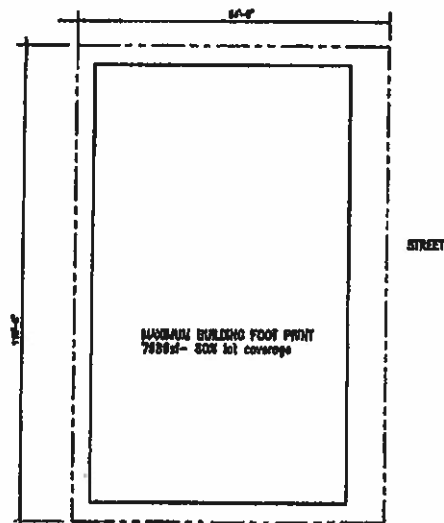
CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

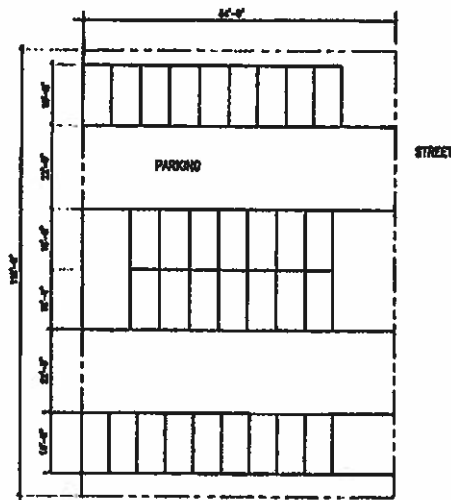
BILL _____

A BILL FOR AN ORDINANCE

Figure 21-5.____
10,000 SQUARE FOOT LOT



PLOT PLAN
10,000 SF LOT



PLOT PLAN
10,000 SF LOT



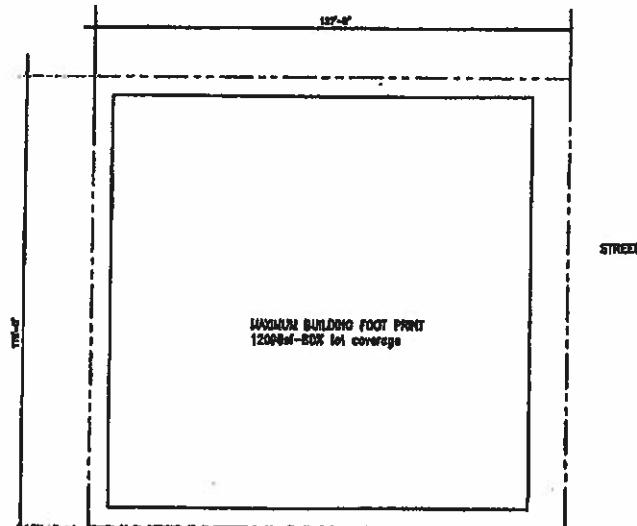
CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

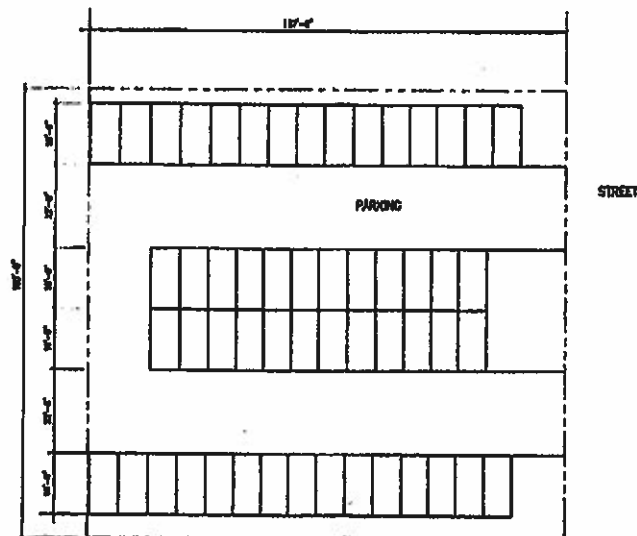
BILL _____

A BILL FOR AN ORDINANCE

Figure 21-5.
15,000 SQUARE FOOT LOT



PLOT PLAN
15,000 SF LOT

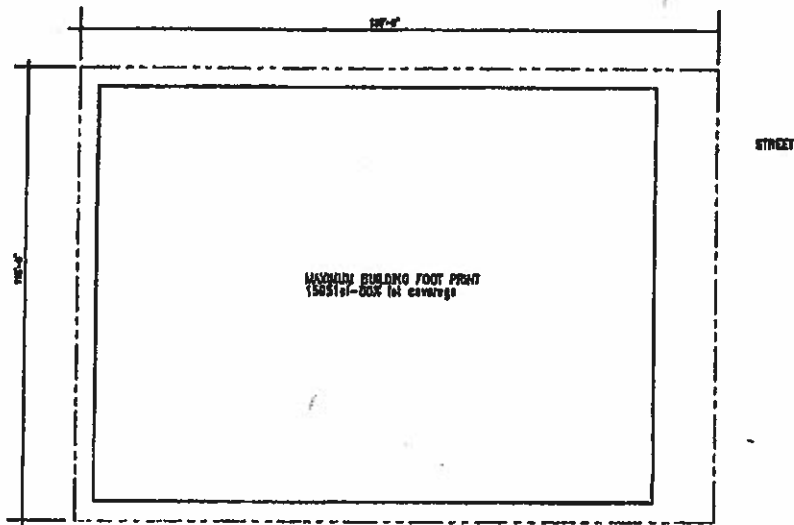


PLOT PLAN
15,000 SF LOT

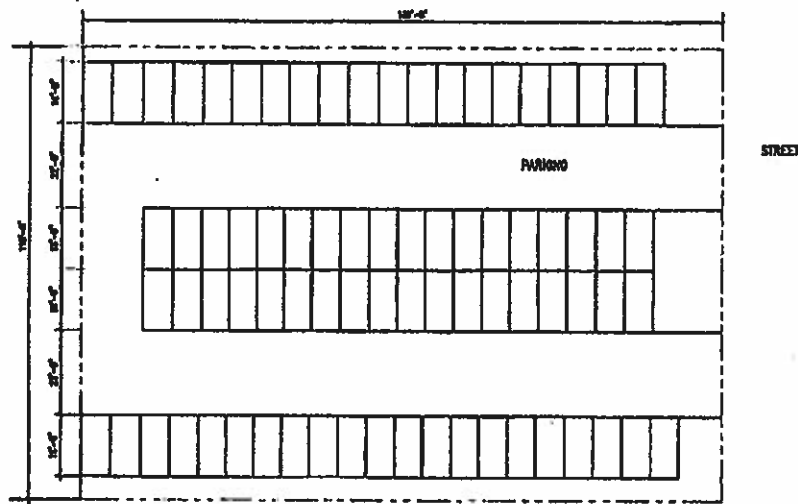


A BILL FOR AN ORDINANCE

Figure 21-5.____
20,000 SQUARE FOOT LOT



PLOT PLAN
20,000 SF LOT



PLOT PLAN
20,000 SF LOT



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

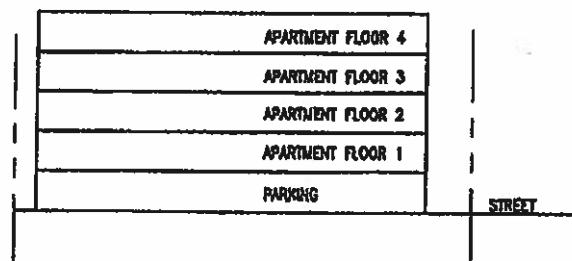
ORDINANCE _____

BILL _____

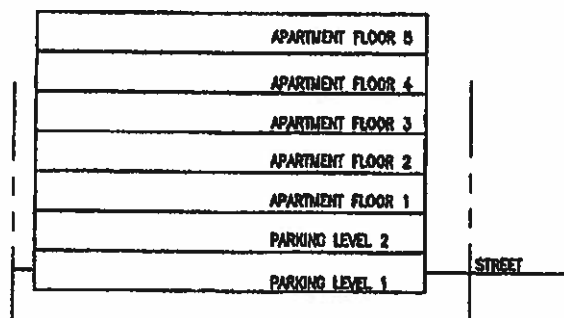
A BILL FOR AN ORDINANCE

SECTION 5. Chapter 21, Article 5, Revised Ordinances of Honolulu 1990 ("Specific Use Development Standards"), is amended by adding a new figure entitled "Affordable Rental Low-Rise Multifamily Dwelling--Examples of Building Height," to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Figure 21-5."
**AFFORDABLE RENTAL LOW-RISE MULTIFAMILY DWELLING--
EXAMPLES OF BUILDING HEIGHT**



SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING

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SECTION 6. Section 21-10.1, Revised Ordinances of Honolulu 1990 ("Definitions"), is amended to add new definitions for "affordable rental dwelling unit," "affordable rental low-rise multifamily dwelling," and "bathroom" to read as follows:

"Affordable rental dwelling unit" means a dwelling unit rented to a household earning 100 percent and below of the median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area as adjusted for household size."

"Affordable rental low-rise multifamily dwelling" means a multifamily dwelling that is 60 feet or less in height, in which 100 percent of the total number of dwelling units in the multifamily dwelling are affordable rental dwelling units."

"Bathroom" means a room that is equipped for taking a bath or shower and that includes a sink and toilet. A 0.5 bathroom means a room that is equipped with a sink and toilet, but without a bath or shower."

SECTION 7. New ordinance material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the underscoring.



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SECTION 8. This ordinance takes effect upon its approval and will be repealed five years after its effective date. No later than two years prior to the repeal date of this ordinance, the Director of Planning and Permitting shall submit to the City Council a report on the number of additional affordable rental dwelling units developed in low-rise multifamily dwellings in the apartment, apartment mixed-use, and business mixed use zoning districts during the effective period of this ordinance, and a recommendation regarding the repeal, modification, or extension of this ordinance.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

Mayor
City and County of Honolulu

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CERTIFICATE

RESOLUTION 18-78, CD1

Introduced: 04/03/18 By: KYMBERLY PINE

Committee: ZONING & HOUSING

Title: RESOLUTION PROPOSING AMENDMENTS TO CHAPTER 21, REVISED ORDINANCES OF HONOLULU 1990 (THE LAND USE ORDINANCE), RELATING TO DEVELOPMENT IN THE APARTMENT AND APARTMENT MIXED USE, AND BUSINESS MIXED USE DISTRICTS TO INCREASE THE SUPPLY OF AFFORDABLE RENTAL HOUSING IN LOW-RISE MULTIFAMILY DWELLINGS, AND REDUCE THE PROLIFERATION OF MONSTER HOMES.

Voting Legend: * = Aye w/Reservations

04/19/18 ZONING AND HOUSING CR-151 - RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.

04/25/18 COUNCIL CR-151 AND RESOLUTION 18-78, CD1 AS AMENDED WERE ADOPTED.
9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


GLEN I. TAKAHASHI, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER

DPP's Proposed “Omnibus Bill”

Bill Outline
February 4, 2019

SECTION 1 Purpose

SECTION 2 Findings – Essentially Mel’s language with conforming edits.

SECTION 3 “Guts” - what will be included in New Chapter Affordable Rental Housing

- Article 1 General Provisions
 - 1.10. Definitions
 - 1.20 Prohibition Against Condominium Property Regime
 - 1.30 Violation-Penalty

- Article 2 Permitted Uses, Development and Other Standards
 - 2.10 General Provisions
 - 2.20 Permitted Uses
 - 2.30 Development Standards
 - 2.40 Parking
 - 2.50 Bicycle Parking
 - 2.60 Examples of Maximum Building Area and Yards
 - 2.70 Example of Building Height
 - 2.80 Abandonment of Use.

- Article 3 Building Construction Standards
 - 3.10 General Provisions
 - 3.20 Standards
 - Building Height and Building Areas
 - Fire-Resistance Construction
 - Fire Protection System
 - Exterior Glass
 - Accessibility

SECTION 4 Waiver of Wastewater System Facility Charge

SECTION 5 Waiver of Plan Review and Building Permit Fees

SECTION 6 Waiver of park Dedication Requirement

SECTION 7 Expedited Processing

SECTION 8 Ten-Year Property Tax Exemption

SECTION 9 Property Tax Exemption During Construction and Marketing

SECTION 10 Ramseyering, renumbering

SECTION 10 Effective Date, nonconforming status after sunset of ordinance



A BILL FOR AN ORDINANCE

RELATING TO AFFORDABLE RENTAL HOUSING.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to create a temporary program to accelerate the construction of affordable rental housing on apartment- and business mixed use-zoned properties by relaxing [~~reducing~~] zoning and building code standards, and offering financial incentives.

SECTION 2. Findings. For decades, the City and County of Honolulu has grappled with a critical shortage of affordable rental housing. This problem grows worse by the year and threatens to undermine our quality of life and permanently erode the City's social and economic foundations so as to jeopardize its order and security. The *Mayor's Affordable Housing Strategy* (September 2015) summarized these affordable housing needs and proposed strategic actions relating to policies, incentives, regulations, programs, financial tools, and investments.

The *Affordable Rental Housing Report and Ten-Year Plan* (July 2018), published by the Special Action Team on Affordable Rental Housing Report pursuant to Act 127 (Session Laws of Hawai'i 2016), stated that, ". . . unless the planning, funding, and delivery of affordable rental housing becomes an overarching priority for the legislature, governor, mayors, housing agencies, developers, and public and private funding sources, 70% of Hawai'i's families will soon be excluded from affordable, safe, and sanitary housing – a key component of quality of life that is taken for granted by the top 25% of households in the state."

The *Affordable Rental Housing Report and Ten-Year Plan* further states, "The Special Action Team understands that the scarcity of safe, sanitary, and affordable rental housing constitutes a crisis for nearly two-thirds of the state's residents. This report urges state and county officials to act on issues that affect the affordability of housing.... Act 127 is unequivocal that the lack of supply leads to higher rents for households of all income levels, leaving all tenants with less disposable income, increasing the personal stress of tenants, reducing tenant quality of life, and exacerbating the overcrowded living conditions. Without sufficient affordable rental housing, the future social, community, and economic consequences for Hawai'i may be dire."

Act 127 states, in part, "Although many reasons contribute to the lack of affordable rental housing units for low- and moderate-income households, the primary reason is a poor rate of return for investments in affordable rental housing projects. As



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the Affordable Rental Housing Study Update, 2014, succinctly states, "Simply put, affordable rental housing is unprofitable, so the market won't address the need by itself.' Government regulations that restrict affordable housing development and lengthen the time tenants qualify for affordable rental housing also contribute to the lack of affordable rental housing."

This ordinance recognizes that the cost of land and construction in Honolulu is one of the highest in the country and there are many small parcels that are in apartment and business mixed use[-] zones that have limited development potential due to the high cost of development of affordable rental housing. The current affordable housing crisis could be addressed, in part, by encouraging the development of at least 500 new affordable rental housing units per year on these small parcels.

SECTION 3. The Revised Ordinances of Honolulu 1990 (ROH) is amended by adding a new chapter to be appropriately designated by the Revisor of Ordinances as Chapter __ to read as follows:

"Chapter _____. Affordable Rental Housing [~~Housing-Rental~~]

[~~"~~]Article 1. General Provisions[~~"~~]

Section:

- 1.10 Definitions.
- 1.20 Prohibition Against Condominium Property Regime
- 1.30 Violation – Penalty.

Section -1.10. Definitions.

Unless otherwise expressly stated, whenever used in this chapter, terms shall have the following meanings:

"Affordable rental housing" means a building or buildings containing multi-family dwelling units that meet the following criteria:

- (a) At least 80 percent of the total units are rented to households earning 100 percent and below of the area median income (AMI), as determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical Area, adjusted for household size;



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- (b) No more than 20 percent of the total units are occupied by the property owner or owners or persons who are related by blood, marriage, or adoption to the property owner or owners, or designated authorized representative(s);
- (c) Households in affordable rental housing units must have a lease with a term of no less than six months with a prohibition against subleasing;
- (d) The Declaration of Restrictive Covenants is recorded in the Bureau of Conveyances of the State of Hawai'i, if regular system property, or the Office of the Assistant Registrar of the Land Court of the State of Hawai'i, if registered property, and a copy thereof with recorded information is filed with the DPP prior to issuance of the building permit for the affordable rental housing;
- (e) A certification is annually filed with the director of budget and fiscal services using a form provided by the department of budget and fiscal services, affirming that at least 80 percent of the total number of units are affordable rental housing units and no more than 20 percent are occupied by the property owner(s) or persons who are related by blood, marriage, or adoption to the property owner(s), or designated authorized representative(s).

"Affordable Rental Housing Unit" shall mean any ~~each~~ unit in an Affordable Rental Housing building that meets the criteria that qualifies the building as "affordable rental housing."

"Area median income" or "AMI" refers to the current AMI determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size.

"Declaration of Restrictive Covenants" means the declaration of covenants, conditions and restrictions in a form approved by the director of budget and fiscal services and signed by the fee owner or owners of the land (including its improvements) on which affordable rental housing is built, and that is recorded in the Bureau of Conveyances of the State of Hawai'i, if regular system property, or the Office of the Assistant Registrar of the Land Court of the State of Hawai'i, if the land is registered under Hawaii Revised Statutes (HRS) Chapter 501. The Declaration of Restrictive Covenants shall run with the land for as long as the affordable rental housing improvements are standing, and shall give notice to all



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subsequent owners, grantees, successors, assignees, mortgagees, lienors, and any other person who claims an interest in the real property, that:

- (a) the land and the improvements on the land are subject to the affordable rental housing requirements of this Chapter;
- (b) the land may qualify for real property tax exemption for affordable rental housing under Section 8-10.20, ROH, if rented to households earning at or below 80% AMI during the real property tax exemption period;
- (c) mixed use projects are not permitted;
- (d) the land or any portion thereof shall not be submitted to a condominium property regime pursuant to HRS Chapter 514B, as amended or replaced; and
- (e) violations of the restrictive covenants are subject to the enforcement provisions of Chapters 8 and 21, ROH, and, applicable statutory penalties and rollback taxes.

Section -1.20. Prohibition Against Condominium Property Regime. The lot on which affordable rental housing is built shall not be submitted to a condominium property regime pursuant to HRS Chapter 514B, as amended or replaced.

Section -1.30 Violation – Penalty.

- (a) The owner or owners of the lot on which affordable rental housing is built shall record the Declaration of Restrictive Covenants to encumber the land (and its improvements) on which the affordable rental housing is built.
- (b) The failure of an owner or of an owner's heir, successor or assign to abide by such Declaration of Restrictive Covenants or the terms of this ordinance shall be deemed a violation of Chapter 21, ROH, and shall be grounds for enforcement by the director pursuant to Section 21-1.50, et seq. The director shall have the right to require the owner or owners, or the heirs, successors or assigns of the owner or owners, to comply with the terms of this ordinance and the Declaration of Restrictive Covenants.
- (c) From time to time, or upon receipt of a complaint, the department of budget and fiscal services may conduct an audit of affordable rental



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housing projects to determine compliance with the definition of affordable rental housing.

- (d) **Penalty.** If the use is abandoned or does not comply with these regulations at any time during the life of the building, the penalty ~~real property tax~~ shall be ten (10) times the amount of the real property tax assessed ~~[of the otherwise assessed tax]~~ for the years of noncompliance.

[~~"]~~Article 2. Permitted Uses, Development and Other Standards

- Section: -2.10. General Provisions.
Section: -2.20. Permitted Uses.
Section: -2.30. Development Standards.
Section: -2.40. Parking.
Section: -2:50. Bicycle Parking.
Section: -2.60. Examples of Maximum Building Area and Yards. [Figure -2.60]
Section: -2.70. Examples of Building Height. [Figure -2.70]
Section: -2.80. Abandonment of Use.

Section -2.10. General Provisions.

- (a) The director of the department of planning and permitting shall administer this Article. The director may designate duties established under this Article.
- (b) Unless specifically noted herein, all provisions of Chapters 21, 21A, and 22, 23 and 25, Revised Ordinances of Honolulu, shall apply. Where there is a conflict between applicable provisions, the provisions of this article shall prevail.

Section __-2.20. Permitted Uses.

"Affordable rental housing" shall be a permitted use in the following zoning districts: apartment, apartment mixed[-]use, and business mixed[-]use zoning districts, except that it is ~~[they are]~~ not permitted in transit-oriented development special districts, as defined and adopted under Chapter 21-100, ROH.



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Section __-2.30. Development Standards.

Affordable rental housing is subject to the following development standards and off-street parking and loading requirements:

Development Standard	Requirement
Maximum lot area	20,000 square feet
Minimum front yard	10 feet
Minimum side and rear yards	5 feet
Maximum building area	80% of the zoning lot
Maximum building height	60 feet
Maximum density	4.0 FAR
Height setbacks	None
Off-street parking	None
Bicycle parking	None
Off-street loading	A minimum of one space, to accommodate garbage pickup and garbage bin storage
Yard encroachments	Parking, including bicycle parking, is allowed in side and rear yards. One loading space may encroach no more than 5 feet into the front yard. Required fire exit [exist] stairwells and fire corridors may encroach into the front yard by no more than 5 feet.

(See Figures __-2.60 and __-2.70 for examples.)

Section __-2.40 Parking.

Parking, including bicycle parking, may extend into side and rear yards, provided a solid wall at least 4 feet but no more than 6 feet in height~~[-but no more than 6 feet,]~~ is built along the property boundary.

Section __-2.50. Bicycle Parking.

Section 21-6.150, ROH, regarding bicycle parking, shall not apply, but if provided, bicycle parking may encroach into required yards.



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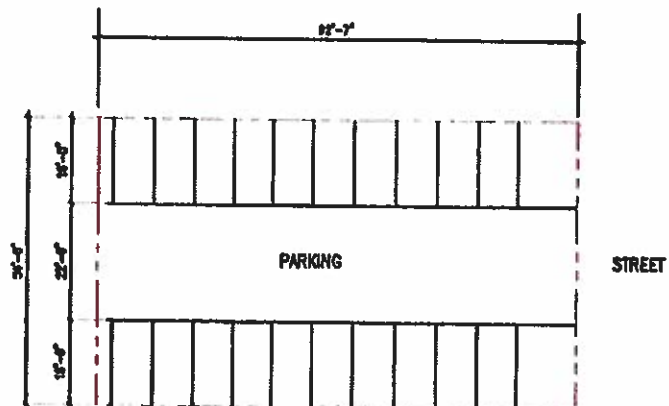
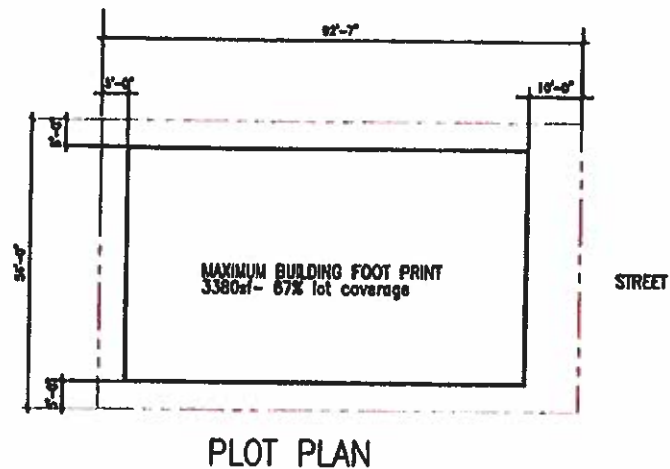
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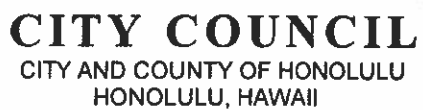
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Section _-2.60 Examples of Maximum Building Area and Yards.

The following illustrate possible configurations of maximum building area and required yards. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

Figure -2.60
5,000 SQUARE FOOT LOT



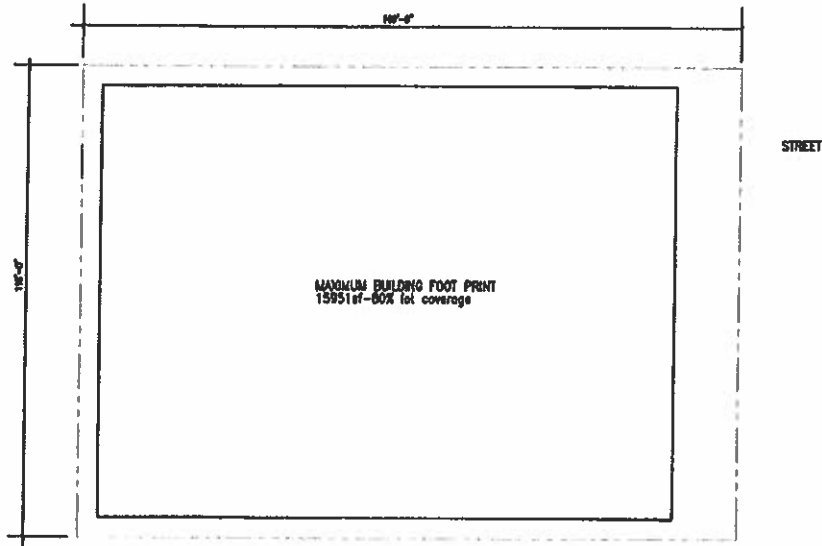


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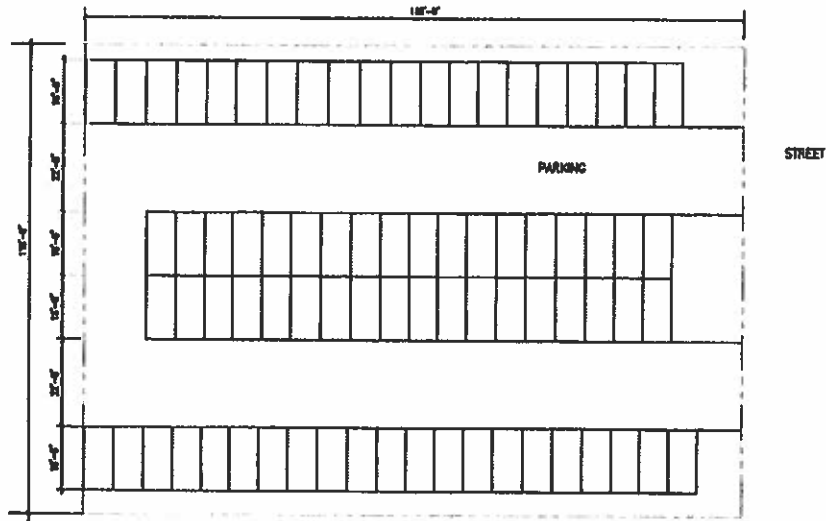


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Figure 2.60
20,000 SQUARE FOOT LOT



PLOT PLAN
20,000 SF LOT



PLOT PLAN
20,000 SF LOT



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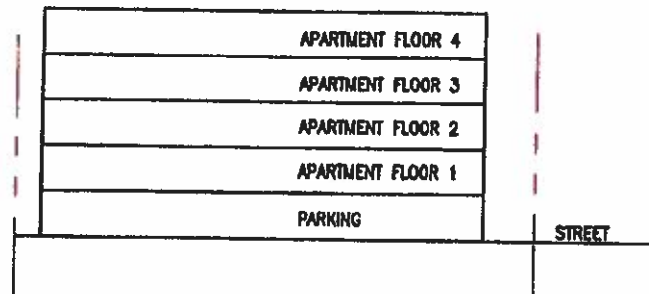
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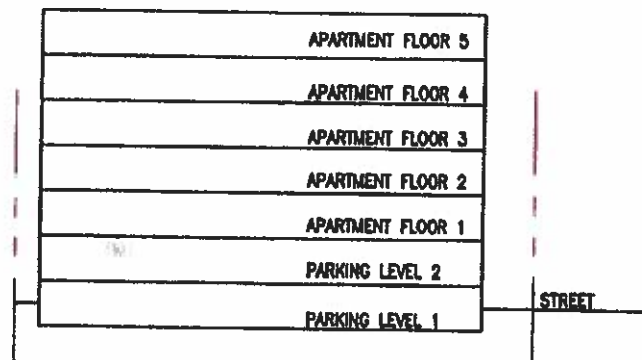
Section 2.70. Examples of Maximum Building Height.

The following illustrate possible configurations of building height. They do not necessarily reflect acceptable parking configurations or compliance with all other development standards.

Figure -2.70



SECTION OF 45 FEET MAXIMUM HIGH BUILDING



SECTION OF 60 FEET MAXIMUM HIGH BUILDING



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Section _-2.80. Abandonment of Use.

If at any time the project ceases to fall within the definition of affordable rental housing, the use shall be deemed a multi-family dwelling use and shall comply with nonconformity provisions of Chapter 21, ROH, as applicable.

Article 3. Building Construction Standards

Sections:

- 3.10 General Provisions
- 3.20 Standards

Section _-3.10 General Provisions.

- (a) The director of the department of planning and permitting shall administer this Article. The director may designate duties established under this Article.
- (b) Where there is a conflict between the provisions of this article and the provisions of Chapters 16 and 27, ROH, the building and housing codes, the provisions of this article shall prevail. The requirements set forth herein are minimum requirements. All other provisions of Chapters 16 and 27 shall apply.

Section _-3.20 Standards.

- (a) **Building Heights and Areas.** The height permitted by Table _-A shall be increased in accordance with Section 504 of the building code. The area of a one-story building shall not exceed the limits set forth in Table _-A, except as provided in Section 506 of the building code.



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TABLE _A

TYPE OF CONSTRUCTION	ALLOWABLE HEIGHT AND BUILDING AREAS FOR MID-RISE MULTI-FAMILY RESIDENTIAL BUILDINGS. Height Limitations shown as stories and feet above grade plane. Area limitations as determined by the definition of "Area, building," per story				
	IB	IIA	IIIA	HT	VA
	MAXIMUM HEIGHT (feet)				
	60	60	60	60	50
Height/Area	Maximum Height (stories) and Maximum Area (sq. ft.)				
<u>H</u>	7	7	7	7	5
<u>A</u>	80% of land area	80% of land area	80% of land area	80% of land area	80% of land area

- (b) Type of Construction. The minimum type of construction shall be in accordance to Chapter 6 of the building code and Table _A.
- (c) Fire-Resistance Rated Construction and Requirements.
- (1) Where exterior wall is less than 10 feet from the property line, one-hour fire rated exterior walls with no greater than 25% openings per wall surface; provided further that the windows in the openings may be unrated.
 - (2) One-hour fire rated corridor walls for double loaded corridors and demising walls between units.
 - (3) One-hour fire rated entry doors to units with automatic closure mechanisms.
 - (4) Unrated interior walls within each unit.
 - (5) One-hour fire rated floors and roof or Heavy Timber.
 - (6) Two-hour fire rated walls between units and building stairs or passenger elevators.
 - (7) Two-hour fire rated walls and door in the booster pump room described in Section __-3.30(d)(5).
 - (8) All domestic water and fire sprinkler piping shall be made of non-combustible material.



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- (d) **Fire Protection System.** The installation of automatic sprinkler systems for protection against fire hazards shall be designed and installed in accordance with Section 903 of the building code or for residential occupancies up to and including seven stories in height in buildings not exceeding 60 feet in height above grade an automatic sprinkler system shall be provided as follows:
- (1) A common sprinkler/domestic main shall be installed throughout the building.
 - (2) Vertical risers shall be provided with a secured shutoff valve locked in the open position. All required outages shall be provided with a fire watch.
 - (3) All sprinkler heads shall be installed prior to the last plumbing fixture served within the unit. All sprinkler piping serving a sprinkler head shall be kept to a minimum and no greater than 16 inches in length.
 - (4) The discharge density shall be 0.05 gpm/sf with a maximum of four sprinkler heads within a compartment.
 - (5) A booster pump shall be provided to accommodate the domestic water and greatest hydraulic demanding sprinklers within a unit. The booster pump shall provide a minimum of 40 psi at the top of the riser.
 - (6) A manual wet stand pipe shall be pre-charged from a domestic water supply tap. The stand pipe shall be located in an exterior open stairwell with two-hour rated walls.
 - (7) For exterior walls that are between five and ten feet from the property line with greater than a 10% wall opening, there must be a sprinkler head at all wall openings to provide a water curtain when the sprinkler head is activated.
 - (8) For buildings over 40 feet in height with Type VA construction, an NFPA 13 sprinkler system shall be required.
 - (9) A mechanical engineer licensed in the State of Hawai'i shall prepare the plans for the automatic sprinkler system required by this section.
- (e) **Means of Egress.** Exterior corridors and balconies that are open with guards of a minimum one-hour fire rated construction or other noncombustible fascia surfaces may be constructed up to five feet from the property line.



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- (f) **Fire Escape Stairs.**
- (1) All fire stair exits may be open; provided that the walls adjoining any unit are two-hour fire rated walls.
 - (2) The minimum width for at least one fire exit stair shall be 48 inches and the other fire exit stairs shall be no less than 36 inches in width, if no elevator is provided.
 - (3) Buildings with 35 units or less and less than three stories in height may have one fire exit stair exiting to the ground floor provided that the one exit stair shall be at least 48 inches wide, shall be made of non-combustible or Heavy Timber construction; provided further that the total length of the building shall not be greater than 100 feet.
 - (4) Alternative fire exits in lieu of a second fire exit stair, including a drop ladder system and smaller sized stairs, subject to approval of [by] the Fire Chief.
- (g) **Exterior Glass.** Exterior glass in the affordable rental housing shall be exempt from the requirements of the Building Energy Conservation Code, Chapter 32, ROH.
- (h) **Accessibility.** Design of building and facilities shall be in compliance with the Fair Housing Act. Elevators shall not be required unless mandated by Section 1007.2.1 of the International Building Code."

SECTION 4. Waiver of Wastewater System Facility Charges. Section 14-10.(a), Revised Ordinances of Honolulu 1990, ("Waiver of wastewater system facility charges for affordable dwelling units) is amended to read as follows:

- "(a) Wastewater system facility charges, as set forth in Appendix 14-D of this chapter will be waived for the following:
- (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
 - (2) Affordable dwelling units provided pursuant to a planned development-transit permit pursuant to Section 21-9.100-10. or an interim planned[-]development-transit permit pursuant to Section 21-9.100-5; [or]



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- (3) Affordable rental dwelling units developed in compliance with HRS Section 201H-36(a)(5); and
- (4) Affordable rental housing as defined under Chapter _____.

SECTION 5. Waiver of Plan Review and Building Permit Fees. Section 18-6.5, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Section 18-6.5. Exemptions.

- (a) The city, all agencies thereof and contractors therewith will be exempt from the requirement of paying plan review and permit fees.
- (b) The building official may grant an exemption from the requirement of paying plan review and permit fees for any person seeking to restore or reconstruct a structure damaged or destroyed as a result of a major disaster. For the purposes of this section:
 - (1) "Major Disaster" means any hurricane, tornado, storm, flood, high water, tsunami, earthquake, volcanic eruption, landslide, mud slide, fire, explosion or other catastrophe occurring in any part of the city that causes damage, suffering, and loss to such a degree that:
 - (A) The President of the United States has declared, pursuant to the Disaster Relief Act of 1974, P.L. 93- 288, that a major disaster exists such that the city or any part thereof is eligible for federal disaster assistance programs;
 - (B) The governor of the State of Hawai'i has declared pursuant to HRS Chapter 209 that a major disaster has occurred;
 - (C) The mayor has issued a proclamation declaring the existence of a major disaster; or
 - (D) The council has adopted a resolution declaring the existence of a major disaster.



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- (2) "Restore and reconstruct" means any repair or other work performed to return a structure to its former condition that does not increase the floor area of the structure beyond that of the structure prior to the major disaster, is in conformance with the building code, flood hazard regulations, land use ordinance, and other applicable laws, and is started within two years of the major disaster.
- (3) The burden of proof that work to be performed qualifies for an exemption from the payment of building permit fees due to a major disaster will be on the owner of the structure. An applicant filing for such exemption must certify in writing that the work to be performed will be in conformance with the requirements of this section.
- (c) All owners and their contractors will be exempt from paying that portion of any building permit fee for permits issued after September 15, 1994 attributable to the installation of ultra-low flush toilets that they install on their properties to replace existing non-ultra-low flush toilets.
- (d) The building official shall waive the collection of any building permit fee for a period of three years where the business has been certified to be a qualified business pursuant to Section 35-1.3.
- (e) The building official shall waive the collection of any building permit fee for any person seeking to replace a dilapidated dwelling unit located on homestead land leased under the Hawaiian Homes Commission Act of 1920. For the purposes of this section:
 - (1) "Dilapidated dwelling unit" means any residential home that has significantly deteriorated because of age, termites, or other causes, which make the home unsafe, uninhabitable, or unhealthy.
 - (2) The burden of proof that a dwelling unit is dilapidated and qualifies for an exemption from the payment of building permit fees will be on the owner of the unit. An applicant filing for such exemption shall attach acceptable proof that the dwelling unit is dilapidated to the building permit application.
 - (3) The replacement home may increase the floor area of the originally demolished or removed structure.
- (f) The building official shall waive the collection of any plan review and building permit fees exclusively for the creation of an "accessory



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dwelling unit," as defined in ROH Section 21-10.1. The plan review and building permit fees that were collected for the creation of "accessory dwelling units" after September 14, 2015 will be reimbursed if requested by the permittee. Building permit fees and plan review fees will not be waived where a permit was required and work started or proceeded without obtaining a permit. In these cases, fees will be required pursuant to ROH Section 18-6.2(d).

- (g) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project equal to:
 - (1) The percentage of affordable dwelling units as defined in and as provided within the project pursuant to Chapter ____; or
 - (2) The percentage of affordable dwelling units provided pursuant to a planned development-transit permit pursuant to ROH Section 21-9.100-10. or an interim planned development-transit permit pursuant to ROH Section 21-9.100-5.
- (h) The building official shall waive the collection of the plan review and building permit fees for the residential portion of a project that is in compliance with HRS Section 201H-36(a)(5).
- (i) The building official shall waive the collection of the plan review and building permit fees for affordable rental housing as defined in Article 1 of Chapter ____.

SECTION 6. Waiver of Park Dedication Requirement. Section 22-7.3(j), Revised Ordinances of Honolulu 1990 ("Subdivision of Land - Scope"), is amended to read as follows:

- "(j) This article also does not apply to the following dwelling units:
 - (1) Affordable dwelling units as defined in and as provided on-site or off-site pursuant to Chapter ____;
 - (2) Affordable dwelling units provided pursuant to a planned development transit permit pursuant to ROH Section 21-9.100-10, or an interim planned development-transit permit pursuant to ROH Section 21-9.100-5; or
 - (3) Affordable rental dwelling units provided in compliance with



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HRS Section 201H-36(a)(5).":or

(4) Affordable rental housing as defined in Chapter ____."

SECTION 7. Expedited Processing.

Upon acceptance of a complete application for a building permit application to construct affordable rental housing, the department of planning and permitting must either approve or disapprove the application within 90 calendar days. Failure on the part of the department to approve or disapprove within 90 days shall constitute approval of the application.

SECTION 8. Ten-Year Property Tax Exemption. Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding a new section to be designated by the Revisor of Ordinances and to read as follows:

"Section 8-10.____ Exemption – Qualifying affordable rental housing.

(a) For the purposes of this section:

"Affordable rental housing" shall have the same meaning as defined and permitted under Chapter __, ROH.

"Affordable rental housing unit" shall have the same meaning as defined and permitted under Chapter __, ROH.

"Area median income" or "AMI" refers to the current area median income determined by the United States Department of Housing and Urban Development annually for the Honolulu Metropolitan Statistical area as adjusted for household size.

"Director" means the director of budget and fiscal services [seVICES].

"Regulated period" means the ten-year period commencing upon the effective date of the claim for exemption approved by the director and ending on June 30th of the last year of the ten-year period.

"Declaration of Restrictive Covenants" shall have the same meaning as defined under Chapter __, ROH.

(b) Real property improved with affordable rental housing and subject to



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the Declaration of Restrictive Covenants may qualify for an exemption under this section. The director's approval of a claim for exemption will exempt real property from real property taxes during the regulated period. The exemption amount is the total assessed value of the real property multiplied by the ratio of the living area rented to households with earnings at or below 80% AMI, as specified in the Declaration of Restrictive Covenants, to the total building living area.

- (c) Real property determined by the director to be exempt as described in subsection (b) will be exempt from property taxes effective as of the filing date of the claim for exemption but only if the claim is filed with the director within 60 days after any certificate of occupancy is issued by the department of planning and permitting. In the event property taxes have been paid in advance to the city for real property that subsequently qualifies for the exemption, the director shall refund to the owner that portion of the taxes attributable to, and paid for the period after the effective date of the exemption. Where a claim for exemption is filed more than 60 days after any certificate of occupancy has issued but on or before September 30, the effective date of an exemption approved by the director will be July 1 of the succeeding tax year.
- (d) After the initial year for which the real property has qualified for an exemption, a report shall be filed annually on or before September 30th during the regulated period. The report shall certify that the affordable rental apartment continues to be in compliance with the restrictive covenant and Chapter __, ROH, and that the affordable rental housing units are rented to households earning 80% AMI, and rented at or below the rental rate limits established by the United States Department of Housing and Urban Development for households earning 100% AMI for the applicable household size or less. The director may provide forms as may be necessary to administer this subsection.
- (e) The director may, after 30[-]days' written notice, audit the records of the real property exempt from taxes under this section. An owner's refusal or failure to cooperate and produce all records requested by the director may result in the cancellation of the exemption and subject the real property to the taxes and penalties determined in subdivision (f)(3).



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(f) Cancellation of Exemption-Penalties.

(1) Notice by Director.

Following the initial year for which real property has qualified for an exemption under this section, if an owner fails to file the annual certification by the September 30th deadline, the director shall promptly mail a notice to the owner at the owner's address of record stating that unless annual certification is received by the director by November 15th of the same year, the exemption will be canceled.

(2) Cancellation of Exemption.

(A) An owner who has been sent a notice under subdivision (1) by the director and who fails to file the annual certification by the November 15th deadline will have the exemption canceled and subject the real property to the taxes and penalties determined in subdivision (3).

(B) In the event the director finds that the initial or a subsequent claim for exemption contains false or fraudulent information, the director shall cancel the exemption retroactive to the effective date of the application which contains false or fraudulent information.

(C) In the event the director finds that the affordable rental apartment fails to meet the requirements of this section or Chapter ____, ROH, during the regulated period, the director shall cancel the exemption retroactive to the date the building fails to meet the requirements during the exemption period, subject to the real property to the taxes and penalties determined in subdivision (3).

(3) Back Taxes and Penalties.

In the event the director cancels the exemption pursuant to subdivision (2)(B) or (2)(C), real property shall be subject to the difference in the amount of taxes that were paid and those that would have been due, but for the exemption allowed, together with a penalty in the form of interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property.

In the event a claim for an exemption is submitted after the September 30th deadline but on or before the November 15th



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deadline, a late filing penalty of \$500 will be imposed.

- (g) If an exemption is claimed under this section, an exemption for the same property may not be claimed under any other section.

SECTION 9. Property Tax Exemption During Construction and Marketing.
Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Real Property Tax Exemptions"), is amended by adding a new section to be designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-10.____ Exemption – During construction work for and marketing of affordable rental apartments

- (a) As used in this section:

"Affordable rental apartment" shall have the same meaning as defined and permitted under Chapter __, ROH.

"Qualifying construction work" means work to construct affordable rental apartments.

- (b) Any incremental increase in the valuation of the real property primarily attributable to qualifying construction work will be exempt from property taxes.
- (c) A claim for exemption must be filed with the director on or before September 30th preceding the first tax year for which the exemption is claimed on a form as may be prescribed by the department. The claim for exemption must be supported by documentation establishing the date of the issuance of the building permit for demolition, if applicable, or the building permit for new buildings, and accompanied by a duly filed Declaration of Restrictive Covenant [restrictive covenant] as defined in Section 8-10.____, ROH.["]
- (d) The claim for exemption, once allowed, will expire:
- (1) Two calendar years after issuance of a building permit for a new building;
 - (2) Upon issuance of a certificate of completion; or
 - (3) Upon issuance of any certificate of occupancy;



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whichever occurs first. The director may extend this exemption for good cause.["]

- (e) If, within five years of the expiration of the claim for exemption, the affordable rental apartment is not in compliance with the recorded restrictive covenant, the exemption shall be retroactively revoked and the owner shall reimburse the director the exemption amount.

SECTION 10. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the Revisor's authority under ROH Section 1-16.3(b)(6), replace reference numbers to agree with newly numbered chapters or sections.

SECTION 11. Effective Date.

- (a) This ordinance takes effect upon its approval and will be repealed five years after its effective date.
- (b) No later than two years prior to the repeal date of this ordinance, the Director of the Department of Planning and Permitting shall submit to the City Council a report on the number of affordable rental dwelling units developed under this ordinance. The report shall also make recommendations regarding the repeal, modification or extension of this ordinance.
- (c) Upon the repeal of this ordinance, affordable rental housing and the structures developed pursuant to this ordinance shall be considered a nonconforming use and structures, respectively, as provided under Chapter 21-4.110.



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Covenant [restrictive covenant] as defined in Section 8-10.____, ROH.["][YAE36][YAE37]

- (d) The claim for exemption, once allowed, will expire:
- (1) Two calendar years after issuance of a building permit for a new building;
 - (2) Upon issuance of a certificate of completion; or
 - (3) Upon issuance of any certificate of occupancy;
- whichever occurs first. The director may extend this exemption for good cause.["[YAE38]]
- (e) If, within five[SMA39] years of the expiration of the claim for exemption, the affordable rental apartment is not in compliance with the recorded restrictive covenant, the exemption shall be retroactively revoked and the owner shall reimburse the director the exemption amount.

SECTION 10. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the Revisor's authority under ROH Section 1-16.3(b)(6), replace reference numbers to agree with newly numbered chapters or sections.

SECTION 11. Effective Date.

- (a) This ordinance takes effect upon its approval and will be repealed five years[YAE40] after its effective date.
- (b) No later than two years prior to the repeal date of this ordinance, the Director of the Department of Planning and Permitting shall submit to the City Council a report on the number of affordable rental dwelling units developed under this ordinance. The report shall also make recommendations regarding the repeal, modification or extension of this ordinance.
- (c) Upon the repeal of this ordinance, affordable rental housing and the structures developed pursuant to this ordinance shall be considered a



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nonconforming use and structures, respectively, as provided under
Chapter 21-4.110.



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INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu